FINANCIAL TIMES

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WORLD NEWS

S Africa tightens news curbs

South Africa has tightened restrictions on news media, further limiting coverage of *banned groups like the African* National Congress and expelling the New York Times.

Times reporter Alan Cowell has been told to leave the *country today and his successor* has been refused a visa.

A bomb yesterday ripped through a central Johannesburg department store. No warning was given but the bomb was seen and shoppers evacuated before it went off. The Government blamed the ANC. **Back Page**

Gulf War flares up

Heavy fighting broke out on the souhtern Gulf War front near Basra. Iran reported 5,000 Iraqi casualties. Iraq said it wiped out most of four Iranian divisions. **Page 2**

Iran papers released

The White House releaced documents appearing to under*cut President Reagan's claim* that the US was not selling arms to Iran to win freedom for hostages in Lebanon. **Back Page**

New job for Stalker

John Stalker, retiring deputy chief constable of Greater Manchester, is to become a senior manager at the independent Mersey Television production company. **Page 3**

Second hostage freed

Protesting inmates at Barlinnie jail, Glasgow, freed prison *officer David Flanagan, the* second hostage to be released. A third was still being held.

Schoolboy cleared

Glasgow schoolboy Scott Forbes, 16, was cleared in the High Court of culpable homicide while defenidng his mother from muggers. A man was stabbed during an attempt to steal her bag.

Tunnel safety query

Proposals for a twin-rail Channel tunnel are expected to come under renewed attack on safety grounds from MPs next week. **Page 4**

Gas blast in village

The Avon village of Wickwar was sealed off after a gas explosion demolished one house and damaged six more. No one was injured.

Austin Rover prices up

Austin Rover said its car prices would rise by an average 3.5 per cent on Monday. **Page 3**

France bans Australian

Apstralian Senator Margaret Reynolds was banned from a study trip to France, in retaliation for Australia's support for independence for New Caledonia.

Bomb in playground

A six-year-old Copenhagen boy found a bomb in his playground, the third found in city playgrounds in recent weeks. No one has been hurt.

Soviet director praised

Exiled Soviet film director Andrei Tarkovsky, who died in Paris last month, suffered at the hands of bureaucrats who did not understand his work, the official Soviet weekly Novoye Vremya said.

China may claim bodies

China will be allowed to recover the bodies of 1,500 soldiers killed in border clashes with Vietnam in the past few days, Vietnam said. **Page 2**

Grows on trees

A Melbourne family handed to police A$100,000 (£45,000) they found, in rubber bands, in a shrub in their garden.

BUSINESS SUMMARY

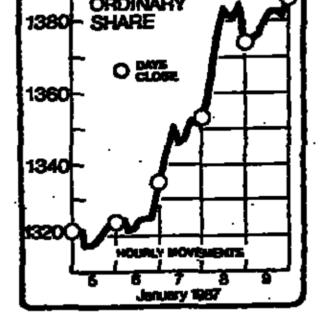
Murdoch in fresh bid for media group

RUPERT MURDOCH yesterday re-entered the battle for the Melbourne-based Herald and *Weekly Times group with an* A$2.25bn (£1.02bn) bid, announced after the close of stock market trading.

The offer topped that of Robert Holmes à Court who, however, as taken his fight to the courts. **Back Page and Lex**

DOW JONES Industrial Average on Wall Street closed at a fifth successive record, rising 3.66 to 2,005.91. **Page 10**

LONDON equities continued to show gains, with oil shares to the fore. The FT-SE 100 Index jumped 19.2 to a record 1,752.3.



The FT Ordinary Share Index closed 13.9 higher at 1,386.4, showing a rise of 66.2 on the week. **Page 11**

CLEVELAND Securities said it would not make a grey, or unofficial, market in British Airways when the company approached privatisation. The move may signal an end to the grey market. **Back Page**

COMMERZBANK index of West German shares fell 74 points to 1,913.5 in heavy trading amid concern about the strong D-Mark's effect on exports. **Page 10**

SWEDEN'S stock and credit markets fell sharply on reports that the Government did not intend an austerity package in next week's Budget.

TIN: Malaysia, Indonesia and Thailand reached preliminary agreement on quotas aimed at limiting output by producer countries to 96,000 tonnes this year. **Page 2**

NEI PARSONS, turbine generator manufacturing division of Northern Engineering Industries, plans to shed a further 803 jobs at Newcastle upon Tyne. **Page 3**

ROLLS-ROYCE Motors' chief executive, Richard Perry, is to be non-executive chairman of UGC, formerly the Unipart car parts group. **Page 3**

ITV companies are considering substantial backing for the UK film industry through an investment in British Screen Finance. **Page 4**

CATERPILLAR, the US maker of earth-moving equipment, is expected soon to announce plans for closing some of its 30 manufacturing plants worldwide. **Page 9**

BSN, French foods group, and Ifil of Italy are to acquire 51 per cent of Ferrarelle, the Italian mineral water business. **Page 9**

ALLIED LYONS, brewing and food concern, is to buy Scottish brewery Drybrough from Watney Mann & Truman for £48.5m. **Page 8**

BRYANT Holdings, property developer, rejected an increased bid of £187m from English China Clays. Bryant's shares closed 9p up at 180p. **Page 8; Lex, Back Page**

WESTMINSTER PRESS, provincial newspaper arm of Pearson, agreed to sell Reporter Newspapers of Gravesend and the Kentish Times for £3.3m. **Page 8**

Saunders steps down as Guinness chief until inquiry ends

BY LISA WOOD AND CLIVE WOLMAN

MR ERNEST SAUNDERS is to "stand aside" as chairman and chief executive of Guinness until the outcome of the Trade and Industry Department investigation into the brewing and leisure group. It is believed the inquiry will last about a year.

The name of a successor to Mr Saunders has not been disclosed by Guinness but there is to be an emergency board meeting on Monday, when a decision is expected.

While Mr Saunders has said he will stand down only for the duration of the inquiry, it seems likely his resignation will be permanent.

In the last two days, the independent directors of Guinness have been made aware of damaging revelations about the conduct of some senior managers during the final stages of its £2.5bn takeover battle for Distillers last April.

Since the department's inquiry launched six weeks ago, *damaging information has* emerged. This suggests that Mr Saunders or other directors encouraged outsiders to support the Guinness share price artificially during the takeover battle by offering them financial inducements, in breach of the Companies Act.

Last night Mr Brian Baldock, a director of Guinness, said he *could not comment on whether* Mr Saunders' successor would combine the roles of chief executive and chairman or whether the position would be split.

Guinness has 15 directors, of which six are executive. Key directors are identified as Mr Brian Baldock, Mr Victor Steel and Mr Shaun Dowling, all executive directors who have been appointed during the time *that Mr Saunders has been chief* executive.

Mr Saunders' decision comes after growing rumours in the City that some Guinness non-executive directors wanted him to stand down at least for the duration of the Trade Department's inquiry. Lukewarm support of Mr Saunders was expressed by Lord Iveagh and Mr Jonathan Guinness, two of the non-executive directors.

In a statement sent out by Guinness's press office Mr Saunders said: "I feel personally that because of the uncertainty and disruption that has been caused to the business as a result of the DTI inquiry, this action would be in the best interest of the company, its shareholders, its employees and *my family.*

"It is my personal view that it is of paramount importance that this fine company's progress should be allowed to proceed as planned and the action I am taking should enable this to be achieved."

Mr Saunders joined Guinness as managing director in 1981 and has taken the ailing brewer *to a market* capitalisation of around £3bn.

His strategy has included selling more than 140 businesses and embarking on a series of acquisitions to develop the group's core activities.

The core comprises beverages, publishing, retailing and health. The most controversial acquisitions, which provoked some of the most acrimonious battles ever seen in the City, included those of Arthur Bell, the Scotch whisky distiller, and Distillers, Scotland's biggest whisky producer.

While credited with having strategic vision, Mr Saunders recruited a strong management team from some of Britain's most successful companies.

Among his more controversial appointments was choosing as *finance director Mr Olivier* Roux, a management consultant on secondment from Bain, the management cosultancy. Mr Roux's future at Guinness is seen as closely aligned to that of Mr Saunders.

Mr Saunders became chairman of Guinness last year after a bitter battle between Guinness and Sir Thomas Risk, chairman of the Bank of Scotland. He was named by Guinness, in its offer document for Distillers, as a future chairman of the combined group.

A number of damaging disclosures have emerged recently over the handling of the Distillers acquisition.

One involved Schenley, the US drinks distributor, which was concerned about its future contracts for distributing Distillers' products.

Man in the news, Page 6

Baker heralds legislation for national curriculum

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

RADICAL CHANGES in the education system including the establishment of a national curriculum for state schools were heralded yesterday by Mr Kenneth Baker, *Education* Secretary, in a speech to the North of England Education Conference.

If the Tories win the general election Mr Baker envisages legislation to set up a national curriculum over a three-year period. The present system was so unusual as to defy description, he told the meeting at Rotherham, South Yorks.

Mr Baker declared: "We cannot continue with a system under which teachers decide what pupils should learn without reference to clear nationally agreed objectives and without having to expose, and if necessary, justify, their decisions to parents, employers and the public."

He also made clear that the pay and conuditions deal ratified by two of the largest teaching unions and the local authority employers on Wednesday was unacceptable to the Government. He expressed dismay at their inability to end this "long-running and unjustifiable dispute on an acceptable basis and within the resources available."

Mr Baker plans to press ahead with the Teachers' Pay and Conditions Bill, which will be considered by the Lords next week. This will give him power to impose a settlement although he emphasised yesterday that his door was still open for discussions.

Mr Baker was scathing about the failure of the present education system. He warned that he might have to curtail the powers of local education authorities so as to deal with the activities of authorities such as Brent and Haringey where, he believed, political ideology was affecting educational *standards.*

The Education Secretary looked forward to a developing process to give parents a bigger say in the running of schools. He contrasted England's "maverick education system" with France and Germany where there were agreed national curricular.

Mr Baker did not refer to education in Scotland and Wales which comes under their respective secretaries of state. But it would be difficult to introduce a reform as sweeping as this without making it uniform throughout the UK.

He said there was doubt *about how broad a primary* curriculum should be and no agreement about how much choice of subjects there should be for the last two years of secondary schooling. There was no broad agreement about the balance between elements in the curriculum or about the objectives of each element.

Mr Baker stressed that the curriculum would not be dictated by Whitehall. "It must be hammered out jointly by government, local education authorities, teachers and cus*tomers.*"

Mr Fred Jarvis, general secretary of the National Union of Teachers, strongly criticised Mr Baker's speech last night. He said education would become "a huge political football once the Government has seized control of the school curriculum."

Hurd warns on Alliance, Page 3
London teachers' stoppage, Page 5

NEC decision on Telford expected

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

NEC of Japan, the electronics group, is expected to announce *next week that it is setting up* a manufacturing plant on a 40-acre site in Telford new town, Shropshire. The move would create several hundred jobs over the next few years.

Mr Hideichi Nose, managing director of NEC Business Systems Europe, refused to comment on the project last night in advance of an announce*ment.* The business *systems* operation makes telecommunications equipment, facsimile machines, personal computers, televisions and video recorders.

The Telford project follows a concerted regional lobby by the West Midlands Industrial Development Association to make the Government increase financial assistance to the Japanese company.

The Trade and Industry Department is thought to have raised its contribution by about £2m to almost £7m to enable Telford to beat competition for the project from Hanover, West Germany.

Another Japanese company, Seiko Epson, the office equipment manufacturer, is understood to be seeking a grant of nearly £1m to begin manufacturing on a 50-acre site in Telford.

Should Telford land both projects it would mark a notable success for its attempts to woo the Japanese. These started *when the town set up* an office in Tokyo nine years ago.

Ricoh, the Japanese photocopier company, is doubling its Telford labour force to 400. Hitachi Maxell, which makes video tapes and floppy disks, already employs 200 on a 50-acre site. Nikon and Toshiba both have distribution companies in Telford.

The large Japanese presence in Telford is thought to have influenced NEC. The number of products to be made at Telford and how quickly employment *will build up is not yet clear.*

NEC established a semiconductor manufacturing plant *in Livingstone, Scotland in 1982* and has announced plans to increase the labour force there from 400 to 600 over the next six months.

Telford has been seeking job-creating investment after the decline of its traditional industries brought the highest unemployment rate in the west Midlands at about 20 per cent.

More than 3,000 jobs were created during 1986 but there was concern just before Christmas that NEC might decide on Hanover.

The private sector-led west Midlands Industrial Development Association—a 12-man body representing business, local authorities and the trade unions—made urgent appeals to ministers and MPs to press the Government for an improved package for NEC.

800 NEI Parsons' jobs go, Page 3

EMS currency realignment likely after talks

BY OUR FOREIGN AND ECONOMIC STAFF

SENIOR EUROPEAN monetary officials are to meet today in Brussels to agree a realignment of currencies in the European Monetary System after massive central bank intervention failed yesterday to quell the recent turmoil in foreign exchange markets.

The talks follow a week in which central banks have spent more *than $10bn (£6.78bn)* supporting parities in the EMS and propping up the US dollar. They will focus on a revaluation of the D-Mark and a devaluation of weaker currencies, such as the French franc.

Officials suggested last night that they anticipated an adjustment of between 4 and 5 per cent in the parities of the D-Mark and French franc. They expected intense debate, however, over the extent to which that should be split between a D-Mark revaluation and a franc devaluation.

There was speculation that a number of other currencies, including the Belgian franc, Danish krone, Irish punt and Italian lira might be devalued, although several governments pledged *yesterday that they* would resist such a move.

The Brussels meeting of the European Community's Monetary Committee, which groups senior finance ministry and central bank officials, is likely to be followed by talks between finance ministers and central bank governors tomorrow.

It was called by Belgium after a *day of chaotic trading on* foreign exchange markets. It will be chaired by Mr Hans Tietmeyer, West Germany's Finance Secretary.

Senior Bank of England and Treasury officials will attend tomorrow's talks, but it was being made clear in Whitehall that there was no prospect of discussion about Britain's possible entry into the EMS exchange rate mechanism.

Mrs Thatcher has ruled out British membership ahead of the general election, and Mr Nigel Lawson, the Chancellor, plans to spend the weekend in a pre-budget planning meeting with other Treasury ministers.

As the Bundesbank yesterday led a vain attempt by European central banks to prevent the D-Mark from breaking through its EMS ceiling, the Bank of Japan bought more than $2bn to brake a renewed slide in the dollar's value.

The West German central bank *supplemented its efforts* to depress the value of the D-Mark in the EMS with purchases of the dollar.

Central bankers,. who were last night still busy adding up the cost of this week's intervention in more than five currencies, said it was the heaviest they could remember over so short a period.

It exceeded their operations in the immediate wake of 1985's Plaza agreement in New York, which was aimed at pushing down the then-strong dollar.

The West German Government, facing elections on January 25, had hoped to avoid a realignment until after that date. A D-Mark revaluation will intensify problems for West German *exporters,* caused by the currency's rise against the

Continued on Back Page
West German trade surplus, French strikes situation, Page 2; Editorial comment, Page 6; Money markets, Page 11

Communist Party cracks down on China's liberals

BY ROBERT THOMSON IN PEKING

A COMMUNIST PARTY crackdown on political liberalism was underway in Peking yesterday, with academics and writers the main victims of the reaction by the leadership to a month of *student demonstrations demand*ing freedom and democracy.

The first three targets in the crackdown, which will damage the country's "open door" image, are Professor Fang Lizhi, vice president of the university where protests began and an important figurehead for the students, Wang Ruowang, a writer, and Liu Bingyan, a journalist, both of whom have written articles criticising the party.

Professor Fang has disappeared from the University of Science and Technology in Hefei, capital of the central Chinese province of Anhui. Last night a university official said the professor and his family were in Peking.

It is understood he has been criticised at the highest party levels and both his party membership and his university post are now in doubt.

A protest poster at Peking University last week suggested that if an election were held in China, Professor Fang could be elected President. Only a month ago, Professor Fang, who

Continued on Back Page
Border clashes with Vietnam, Page 2

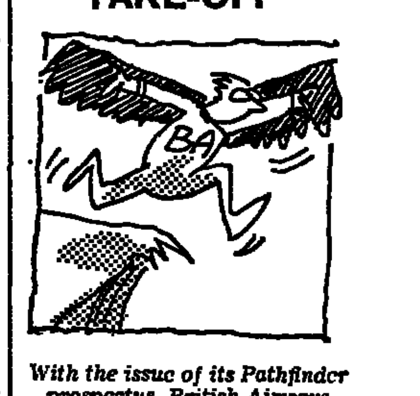
WEEKEND FT

ARABIA

Islamic tradition has helped the Gulf states to withstand the growing tide of violence, says Michael Field.

PAGE I

TAKE-OFF



With the issue of its Pathfinder prospectus, British Airways takes off towards privatisation.

PAGE IV

SKIING

So you want to take the children skiing? Be prepared for the worst.

PAGE XI

HERITAGE

Nicholas Faith examines the curious attitude of the British towards their national heritage.

PAGE XIV

MARKETS

DOLLAR

New York:
DM 1.918 (1.9145)
FFr 6.398 (6.377)
SFr 1.6065 (1.6035)
Y158.3 (157.55)
London:
DM 1.9175 (1.9205)
FFr 6.3975 (6.4)
SFr 1.6045 (1.6105)
Y158.1 (158.2)
Dollar index 107.9 (108.1)
Tokyo close Y158.35

US CLOSING RATES

Fed Funds 5 11/16% (5⅞)
3-month Treasury Bills: yield: 5.52% (5.58)
Long Bond: 102 31/32 (102.0) yield: 7.28% (7.33)

GOLD

New York: Comex Feb $407.5 ($403.9)
London: $404.25 ($401.25)

STERLING

New York: $1.475 (1.478)
London: $1.4775 (1.4745)
DM 2.8325 (same)
FFr 9.4525 (9.4375)
SFr 2.37 (2.375)
Y233.5 (233.25)
Sterling index 68.8 (same)

LONDON MONEY

3-month interbank: closing rate 11 1/16% (11⅛)

NORTH SEA OIL

Brent 15-day Feb (Argus) $18.375 ($18.325)

STOCK INDICES

FT Ord 1,386.4 (+13.9)
FT-A All Share 873.53 (+1.2%)
FT-SE 100 1,752.3 (+19.2)
FT-A long gilt yield index: High coupon 9.93 (9.92)
New York: DJ Ind Av 2,005.91 (+3.66)
Tokyo: Nikkei 18,810.36 (+31.62)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France FFr 8; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland SFr 2.20.

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OVERSEAS NEWS

Right wing urges protests to end French strikes

BY DAVID HOUSEGO IN PARIS

GROWING frustration by the French public at the continuing transport and electricity strikes was being channelled by France's right-wing parties yesterday into demonstrations urging an end to the conflicts.

The demonstrations risk bringing clashes with unions and strikers and making negotions more difficult if the industrial conflicts continue well into next week.

The more aggressive mood of French public opinion came amid signs that more rail workers were returning to work. Cuts in electricity and urban transport services remained widespread, however, with little sign of a break in the deadlock.

The communist - led CGT union—which has been behind the widening of the strikes in the public sector—called yesterday on civil servants to join in the action from Monday.

The railways have been on strike for 23 days with other public services hit since Tuesday.

Mr Jacques Chirac, the Prime Minister, said it was time for a "return to good sense" but warned that exasperatio ncould produce clashes and violence.

The backing for counter-demonstrations to show the anger of public utilities users has come principally from Mr Chirac's own neo-Gaullist party. RPR deputies are helping to organise a large demonstration in Paris on Monday to assert the "right to work" of those whose lives and business had been disrupted by the strikes.

Mr Roland Nungesser, a Gaullist deputy from near Paris, went further yesterday, in calling for a mass march in Paris similar to that organised by the Gaullists during the May 1968 disturbances to demonstrate "the views of" the silent majority.

Union leaders warned yesterday, however, that such action could be dangerous. Mr Chirac's words suggested that he too was apprehensive.

Jacques Chirac: warned of clashes and violence

Mr Andre Bergeron, the leader of the centrist Force Ouvriere, which has taken a reluctant part in the strikes, said demonstrations could lead to clashes "of which nobody has need at the oment."

Among signs of a return to work on the railways were decisions by train drivers at mainline depots at Chambery and Rennes to halt the strike. The moves followed new concessions over promotion prospects and allowances announced by the SNCF national railways on Thursday.

The pro-socialist CFDT union, having at first said the concessions went in the right direction declared yesterday they offered no progress over working conditions.

Mr Philippe Essig, chairman of the SNCF, said he sensed weariness amongst both railmen and passengers. "That means it is time to stop," he said.

Iran in second Basra offensive

By Roger Matthews, Middle East Editor

HEAVY fighting was reported yesterday on the southern front of the Gulf war as Iran launched its second offensive in little more than two weeks.

Communiques from Tehran said Iranian forces had advanced more than two miles into Iraqi defensive positions at Shalamcheh, an area between Basra and Khorramshahr on the Shatt al-Arab waterway.

Iran said that during the first hours of the amphibious assault, it had killed or wounded 5,000 Iraqi troops and destroyed the 421st, 429th and 501st army brigades. Dozens of tanks and armoured personnel carriers were said to have been knocked out and six aircraft shot down.

Baghdad radio conceded that Iranian forces had gained a foothold on the western bank of the Shatt al-Arab but said most had been forced to retreat leaving behind "mountains of bodies."

Iran later said it launched a second attack north of Basra and had overrun the first two lines of Iraq's defences.

President Ali Khamenei of Iran said the attacks had been launched to "disrupt the daydreaming of those countries which back President Saddam Hussein of Iraq and to make them feel that their continued support of the aggressive Iraqi regime is in vain."

His remarks were directed mainly at neighbouring Kuwait which has given Iraq substantial financial support during the six years of fighting. Kuwait is scheduled to host a summit conference of the 45-member Islamic Conference Organisation in two weeks and has been resisting Iran's diplomatic efforts to have the venue changed.

Iran refuses to attend the summit and has argued that Kuwait cannot guarantee the safety of delegates.

● Foreign Ministers of the European Economic Community are planning a meeting to discuss ways of reviving the Middle East peace process. No date has been set.

Chad rebels join army to oust Libyans

BY OUR FOREIGN STAFF

THE GOVERNMENT army and rebel fighters in Chad have formally announced an alliance in their campaign to dislodge Libyan forces which occupy the north of the country.

The rebels, once loosely allied as the Gouvernement de l'Union National de Transition (GUNT) and under the leadership of Mr Goukouni Oueddei, were until last October backed by Libya. But internal divisions surfaced, with Mr Achiek Ibn Oumar heading a group allied to Libya and Mr Goukouni switching his allegiance and declaring his support for the government of President Hissene Habre in Ndjamena, the Chad capital.

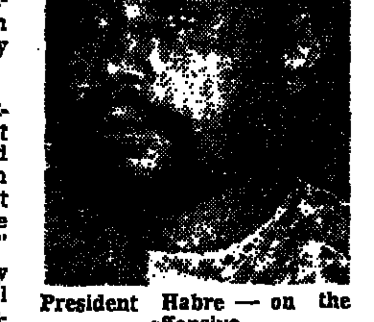
Mr Goukouni is in hospital in Tripoli following a shooting incident reportedly involving his Libyan bodyguards.

In a statement broadcast by the state radio on Thursday night it was announced that Government forces and former rebels signed an agreement last October at Koinimina in north-east Chad. No reason was given for the delay in publicising the pact, which has allowed President Habre to attack Libyan-held towns north of the 16th parallel which has effectively divided the country.

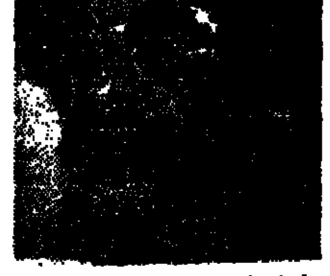
Mr Adoum Yaccoub, Mr Goukouni's chief of staff, said that his forces had been "engaged in the process of reconciliation with the Chadian Government in order to put an end to the previous state of belligerence."

The apparent new-found unity among the leading political forces in Chad raises the prospect of the unification of the country for the first time since the 1970s.

Libya, however, retains a powerful presence in the north, put by western diplomats at 5,000 to 7,000 men, while ethnic, religious and personality rivalries which have characterised Chad's complex post-independence history may well under mine efforts by the Ndjamena Government to sustain a united front.



President Habre — on the offensive



Goukouni—turned against the Libyans

Senior officials travelling with Mr George Shultz, the US Secretary of State, yesterday welcomed renewed Chadian efforts to oust Libyan forces, but made clear that the US would not get involved. Washington recently provided $15m in military aid, but a US official said that Chadian forces would have to play the main role.

Concern about the Libyan involvement in Chad and the escalation in fighting recently is among the issues being raised by Mr Shultz in the course of his six-nation African tour.

Officials accompanying Mr Shultz said President Habre's forces appeared to be making headway in their northern campaign, and described the Government victory at the northern oasis town of Fada, in which a 1,000-strong Libyan force is said to have been forced to retreat, as a significant development. "It was the first time a sizeable Libyan contingent has been routed out of a position," said one US official.

Nigeria yesterday voiced concern about the conflict, saying that it threatened to upset the region's military balance. Professor Bolaji Akinyemi, the Nigerian Minister of External Affairs, condemned the presence of Libyan troops in Chad but also expressed concern about the level of arms from France and the US being "poured into the country."

Professor Akinyemi repeated an offer to stage a peace conference on Chad but seemed to rule out any Nigerian military involvement. Professor Akinyemi is due to meet Mr Shultz in Lagos on Monday.

Brazil's vehicle exports forecast to rise by 20%

By Ann Charters in Sao Paulo

BRAZIL'S AUTOMOBILE industry forecasts that exports will pass $2bn (£1.36bn) this year, an improvement of 20 per cent, to come largely from first-time car exports to the strong US market.

Expected exports of 300,000 vehicles will include two models produced by the Volkswagen side of the Auto Latina company, recently formed by Ford and Volkswagen's Brazilian and Argentinian companies.

Export performance in 1986, according to Anfavia, the national automobile manufacturers' association, was a disappointing $1.7bn, down 10.5 per cent at 182,000 vehicles, due to weak demand from the normally strong Middle East market and balance of payments problems in Latin American countries.

In the domestic market, sales increased 13.6 per cent over 1985, reaching 866,900 vehicles, with production up 9.4 per cent to slightly more than 1m units. Anfavia estimated that 100,000 more units could have been produced but for strikes and supply shortages caused by last year's booming economy.

Automobile part suppliers continue to present problems this year, due to lack of capacity in the auto parts industry.

Tin production quotas agreed

BY STEPHEN BUTLER IN SINGAPORE AND WONG SULONG IN KUALA LUMPUR

MALAYSIA, Indonesia and Thailand yesterday reached preliminary agreement on quota shares aimed at limiting tin production by member nations of the Association of Tin Producing Countries to 96,000 tonnes this year, roughly equal to last.

This was announced yesterday in Singapore by Dr Subroto, the Indonesian Mines and Energy Minister who chairs the ATPC, after meeting with the primary industry ministers from Thailand and Malaysia. The three countries are responsible for 60 per cent of the world's tin exports.

At a meeting in December ATPC members were able to agree only on the production target of 96,000 tonnes, not on individual quota shares. Producers are attempting to reduce a worldwide tin surplus of about 80,000 tonnes to push prices higher. Dr Subroto did not reveal details of the individual quotas.

The agreement faces a number of hurdles before it can be implemented. The three ministers must first obtain approval from their home governments, which have already faced the fallout from severe retractions in the industry after the collapse in October 1985 of the price-support activities of the International Tin Council.

Agreement must then be obtained from other members of the ATPC, including Bolivia, Australia, Nigeria, and Zaire. The ATPC is scheduled to meet in Kuala Lumpur next Wednesday.

Honda to expand Ohio plant

BY IAN RODGER IN TOKYO

HONDA, one of Japan's leading motor groups, is to invest $450m (£306m) to expand its engine plant in Ohio in the US.

This is the latest in a series of big investments in plant by Japanese motor companies in the US aimed at maintaining their market shares while reducing imports.

Honda, which had a 5.9 per cent share of the US car market in the first 11 months of 1986 and a much larger share of the motorcycle market, has invested $750m since 1979 in US manufacturing plants. If US-produced foreign cars and imports are taken into account, Honda has the largest share of the US car market among foreign manufacturers.

The expansion of Honda's engine plant at Anna, Ohio, will involve the addition of lines to produce up to 360,000 1.5-litre engines a year for installation in the Honda Civic. Until now, the plant has made only motorcycle engines.

Honda said car engine production would begin in the autumn of 1988, and would include casting, machining and final assembly of engine parts, drive train and brake parts. Crankshafts and camshafts would continue to be imported from Japan, but Honda would search for local suppliers for these and other parts.

Once the engine plant is in full production, the local content of Honda cars made in Ohio would exceed 66 per cent compared with about 50 per cent now.

Many Japanese companies have been accelerating their foreign factory construction plans because of the impact of the high yen on production costs in Japan.

Ireland jobless increase is blow to coalition

By Hugh Carnegy in Dublin

UNEMPLOYMENT in Ireland moved above the politically-sensitive 250,000 mark at the beginning of January, compounding the difficulties facing Dr Garret Fitzgerald's Fine Gael-Labour coalition in its struggle to stave off an election defeat next month.

The figure represents 19.3 per cent of the workforce, one of the highest in the European Community. The seasonally-adjusted figure was 246,600, up 6,000 on November 1986 and 10,000 on January last year.

The news was a blow to the coalition which is struggling to agree a budget due in less than three weeks.

Even if the two parties reach agreement on the spending cuts they acknowledge are needed, it is increasingly doubtful that the measures would get through parliament where the government is in a minority.

The government sought to limit the damage by pointing out that the unemployment figure was swelled by married women seeking to claim benefit under the EEC equality directive recently introduced in Ireland. It said the average figure over the year was 236,400, slightly less than the budgeted figure of 237,000.

Mr Charles Haughey, leader of the opposition Fianna Fail party, said the increases in unemployment were the worst in Europe. Taken with emigration running at tens of thousands a year, they amounted to "a massive human disaster," he said. Only a strong single party government could get to grips with Ireland's economic difficulties.

SDI remains block to arms deal, says Moscow

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

MR LEONID ZAMYATIN, the Soviet Ambassador to Britain, yesterday confirmed that Moscow would not agree to nuclear arms reductions as long as the US insisted on pursuing its space-based Strategic Defense Initiative (SDI).

"There can be no deep reductions of nuclear arms if the channels for introducing weapons into space are not closed. Neither can there be an elimination of nuclear arms," Mr Zamyatin said at a press conference in London.

The Ambassador said he wanted to clarify the Soviet position before the resumption in Geneva next Thursday of the nuclear arms control negotiations between the US and the Soviet Union.

Mr Zamyatin, who stressed that Moscow was still anxious to reach an agreement with Washington on nuclear arms control, said that the Soviet Union had adopted a flexible stand at last October's summit meeting in Reykjavik between President Reagan of the US and Mr Mikhail Gorbachev, the Soviet leader.

Mr Gorbachev had declared that, if the US remained committed to SDI it could go on conducting research, development and testing of space weapons in laboratories.

But, in accordance with the restrictive clauses of the 1972 Anti-ballistic missile treaty (ABM), any testing of space elements of the ABM system in outer space must be completely prohibited.

The Soviet Union had taken into account US objections to its proposals at the Reykjavik summit and was no longer demanding that the 50 per cent reduction of strategic offensive weapons to be implemented by 1991 should cover all nuclear weapons reaching the other side's territories.

Moscow now envisaged the reduction of only intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs) and heavy bombers. But the Soviet Union had agreed to discuss the issue of sea-based cruise missiles with a range of more than 600 kilometres at a later stage.

The Ambassador stressed that the official visit to be paid to Moscow by Mrs Margaret Thatcher, the British Prime Minister, at the end of March, could help towards creating a better arms control climate.

However, the understanding reached by Mrs Thatcher and President Reagan at Camp David last November on the west's negotiating position in Geneva had left out some fundamental issues agreed by the US and the Soviet Union in Reykjavik, he said.

In particular, the Camp David communique made no mention of the ABM treaty.

In Washington, Mr Max Kampelman, the chief US negotiator at the arms control talks in Geneva, ruled out any new American proposals at the resumption of the negotiations next week.

Vietnam and China confirm border war

CHINA and Vietnam confirmed yesterday that their armed forces had been battling at least until Wednesday night in the disputed border area but Hanoi's claims of at least 1,500 Chinese soldiers killed remains unconfirmed, Reuter reports from Peking.

Each side blamed the other for starting the battle, which appears to be the most serious incident since the limited war in 1979.

China has pledged to keep up the pressure on Vietnam to try to make it impossible for Vietnam's economy to support both its occupation of Kampuchea and defence of its northern border.

The Chinese regard the occupation of Kampuchea by Soviet-backed Vietnam as the main obstacle to improving relations with the Soviet Union.

Hanoi is anxious to normalise its relations with Peking and this week, during the fighting, renewed its call for improved links so it could concentrate on rescuing its beleaguered economy.

China has rejected several such offers in the past year over Kampuchea.

Unemployment in US declines to 6.7 per cent

BY NANCY DUNNE IN WASHINGTON

UNEMPLOYMENT in the US showed a marginal decline to 6.7 per cent in December, and the economy added about 205,000 civilian jobs, the US Labour Department said yesterday.

The encouraging statistics were accompanied by a Labour Department report on producer prices showing no change in December and a fall in the index of 2.5 percentage points for the year. The drop was primarily due to the collapse of energy prices, which ended 1986 down 29.4 per cent.

The US economy had been thought by many economists to be faltering under the weight of the massive budget and trade deficits. However, it created 2.5m jobs since December 1985. Most of them were low paying services jobs, but the Labour Department reported that manufacturing employment edged up in December for the third month in a row.

Since September, manufacturing employment has risen 85,000 and regained almost half the jobs in the first half of the year. But 1986 ended wiht significant job losses in many industries, particularly in machinery, automobile, fabricated metal and electrical equipment manufacturing.

The Labour Department revised both the October and November unemployment rates from 7 per cent to 6.9 per cent. Dr Janet Norwood, the Commissioner of Labour Statistics, said the downward revisions were the result of year-end refinements in the seasonal adjustment process.

Producer prices last month hel dsteady as energy prices rose 0.2 per cent, balancing a 0.4 per cent decline in food prices, prices rose sharply for both home heating oil and gasoline, but dropped for natural gas, vegetables, eggs, beef, fruit and coffee.

The producer price index for capital equipment also showed no change in December. Price rises for heavy motor trucks, power cranes and excavators were offset by lower costs of light motor trucks, transformers and power regulators.

W Germany reports record DM 110bn trade surplus

WEST GERMANY, just over two weeks away from a general election, yesterday reported a record surplus on foreign trade for last year and confirmed that prices had dropped in 1986 for the first time in more than three decades, Reuter reports from Bonn.

The Federal Statistics Office said that, according to provisional figures, the country's trade surplus had soared to DM 110.2bn (£38.9bn), the highest on record, from DM 73.4bn in 1985.

However, the trade surplus masked a marked real slowdown in export growth over the year, the Federal Statistics Office said.

Exports in 1986 were DM 522.6bn, a nominal decline of 2.7 per cent, while imports fell a nominal 11 per cent to DM 412.4bn.

The office said that in real terms imports had risen by 5.7 per cent while exports had increased by only 0.8 per cent.

The Statistics Office said the real 0.8 per cent increase represented a marked deceleration in growth against previous years. Exports had risen a real 5.9 per cent in 1985 against 1984 and by 9.2 per cent in the previous year.

Imports, by contrast, had grown more strongly last year. The office said real imports, in terms of volume, had risen by 4.2 per cent in 1985 and by 5.2 per cent the previous year.

It added that the nominal decline in imports last year primarily reflected the fall in the price of crude oil and related products, as well as the strengthening of the German mark.

Statistics Office president Egon Hoelder told a news conference the increase in the nominal trade surplus reflected a 15 per cent improvement in terms of trade, the strongest increase on record.

He added that analysis of the 1986 trade figures showed the record was not the result of an "immoderate and inconsiderate" effort on the West German side to promote exports.

For much of 1986 the US, pointing to the rising West German trade surplus, urged Bonn to stimulate domestic demand.

Budget fears lift Swedish interest rates

By Sara Webb, Stockholm Correspondent

THE SWEDISH capital markets have seen a flurry of activity and a sudden rise in interest rates in the last couple of days, fuelled by rumours that the Government's budget — due on Monday—will not be as tough as expected.

The market had believed that the budget would go some way towards dampening private consumption, for example by raising taxes. "We were expecting a tight fiscal budget, but it does not look like we will get one," said a Gotabanken dealer.

Interest rates on long-term bonds have risen 1 per cent to 11.6 per cent since Wednesday and on short-term bonds by 0.5 per cent. The Riksbank, Sweden's central bank, intervened on Friday to stop a further rise in interest rates by buying short-term government paper, but without much success.

The stock market has suffered, too, and the stock exchange general index, which starts the New Year afresh at the 100 mark, closed at 96.17 on Friday. The Veckans Affarer index has fallen 4.8 per cent since Monday, closing at 865.7 on Friday.

Recent economic forecasts for 1987 have been pessimistic. The inflation figures, due out next week, will indicate whether the inflation rate rose above 3.2 per cent at the year end. If this threshold is crossed, unions in public and private sectors have the right to renegotiate their wage settlements.

Ongpin's tough talk puts Manila on collision course with bankers

BY RICHARD GOURLAY IN MANILA

TOUGH TALK from Mr Jaime Ongpin, the Philippine Finance Minister, has set the country on a collision course with its creditor bankers over terms for the rescheduling of its commercial debt.

After the postponement this week of talks in New York with the 12-member advisory committee of creditor banks, Mr Ongpin threatened "unilateral action" unless the banks made an acceptable proposal covering its $13.3bn commercial debt.

Mr Ongpin said this week: "Between repudiation and full payment there is a very broad avenue. It is as much in the interests of the banks (as of the Philippines) to prevent it becoming a bare knuckles fight."

Mr Ongpin and central bank governor, Mr Jose Fernandez, refused to go to New York because the banks would not inform Manila of their new offer before the proposed meeting. The Philippine Government suspects the banks have shaved only a little off their September offer of a 1.375 per cent spread over Libor that Citibank withdrew from the table.

Some bankers in Manila suspect the normally mild-mannered Mr Ongpin is posturing. With two elections due within six months and a resurgence of nationalism that tends to paint the banks as the enemies of Philippine progress, however, the Finance Minister may find it politically difficult to climb down from his tough position.

> Banks are anxious that Mexico's debt deal precedent not be repeated

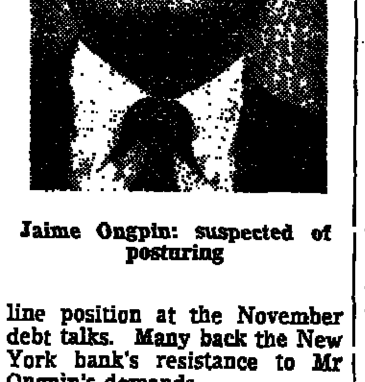
The government insists that the country's efforts to restructure the economy deserve recognition in lower rates. Last September, Mr Ongpin asked the banks for a reduction of the spread over Libor by around 1 per cent to ⅝ per cent which would give the Philippines better terms than granted to Mexico last year.

Mr Ongpin now sounds closer to the views of the flamboyant and outspoken Economic Planning Minister, Mrs Solita Monsod, who describes as "obscene" the amounts of debt servicing now demanded by the banks on the country's $27.4bn debt. Mrs Monsod expects the government to meet about $1.4bn of the $2.0bn interest bill in 1987 from overseas development assistance and multilateral aid.

Unilateral action, according to Mrs Monsod, could entail servicing the debt in pesos or paying interest into an escrow account in Manila for release only when the banks make a realistic rescheduling proposal.

The November round of debt talks in New York collapsed when Citibank withdrew a counter offer to Mr Ongpin's demands and then refused to enter further discussions, according to bankers and government officials in Manila. Last month the banks unilaterally extended a moratorium on principle by three months to April 1 and the $2.99bn trade facility for six months until July 1.

The Philippines will not need to approach the banks for new money for at least 18 months. Even though some of the banks on the advisory committee were embarrassed by Citibank's hard-line position at the November talks. Many back the New York bank's resistance to Mr Ongpin's demands.



Jaime Ongpin: suspected of posturing

One banker said: "The Philippines is a minor player in the worldwide debt game despite being the third world's fifth largest debtor." With $15bn in loans to the third world, $1.8m of which is to the Philippines, Citibank appears anxious not to reinforce the precedent set by a generous rescheduling with Mexico in October by agreeing to a similar deal with the Philippines.

Tsarist law to be used for joint venture with Finnish company

BY HILARY BARNES IN COPENHAGEN

LEGISLATION from Tsarist Russia is to be brought into use when the Finnish subsidiary of the Danish Sadolin paints and varnish group becomes the first western company to set up a joint venture with a Soviet company next month.

There is no Soviet legislation under which a venture based on partnership with a foreign company can be set up, according to Mr Joergen Moelvang, the Sadolin group's chief executive in Copenhagen.

"As far as we can discover, the last company to operate under the old legislation ceased to function in 1923," he said.

Sadolin two years ago delivered a turnkey plant for production of wood protection products to its future Soviet partner, Estkolhozstroi (Eke), an Estonian business which employs about 4,000.

The joint venture company, in which Eke will have a 60 per cent share and Oy Sadolin, the Finnish subsidiary of Sadolin, 40 per cent, will lease this plant. The partners plan to increase capacity for wood protection products from the present 100 tonnes a year and to set up a paint factory.

The board is to have six members. Three members will be Finns from Oy Sadolin. The chairman will be a Soviet citizen. Three members will be Finns from Oy Sadolin.

The special close relationship between Finland and the Soviet Union was crucial to the success.

Getting the joint venture together has taken considerable ingenuity on both sides. The lack of Soviet legislation for such an undertaking was only the first hurdle. Another problem was that in the Soviet Union there is no such thing as profit—"an exciting concept in a socialist country," according to Mr Moelvang.

> 'It was not easy to find a usable concept of profit without a market mechanism'

As there is no market mechanism to set prices and costs, it was not easy to arrive at a usable profit concept, said Mr Moelvang.

Oy Sadolin will have the right to a dividend, payable in a convertible currency, if the joint venture makes money, said Mr Moelvang.

The chairman of the six-man board of the joint venture will of establishing the joint venture, he said.

"We tried to develop trade with the Soviet Union from Denmark in the 1960s, but without success. However, after Sadolin set up two factories in Finland for paint and printing inks, trade with the Soviet Union quickly took off."

Oy Sadolin, whose managing director Mr Ulf Roennholm has visited the Soviet Union about 250 times to build the company's market, has become one of the two recognised foreign suppliers of paints to the Lada and Moscovitch automobile factories. It also supplies paints and varnish to the Soviet furniture industry.

Last year Oy Sadolin began to supply paint for car repairs, a new market which has opened as a result of the higher priority which Mr Mikhail Gorbachev, the Soviet leader, is giving to consumer products, said Mr Moelvang.

The Sadolin group has a turnover of about DKr 2bn (£183m) and has production subsidiaries in several European countries, the US and Canada.

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NEI Parsons to shed 800 jobs at Newcastle

BY NICK GARNETT

NEI PARSONS, the turbine generator manufacturing arm of Northern Engineering Industries, yesterday announced 800 redundancies at its Newcastle-upon-Tyne factory.

The company, which shed 600 jobs last year, blamed delays in receiving power station orders for which it had tendered and the lack of a UK power station ordering programme.

NEI Parsons, one of only two manufacturers of large turbine generators in the UK, is working on several foreign contracts but the workload at Newcastle will decline steeply this year as these are completed.

The factory will employ 3,000 after the redundancies have been completed by the middle of the year. The NEI group, which employed 30,000 worldwide three years ago, has cut its workforce to about 21,000, of which 15,000 are in the UK.

The latest redundancies are part of the 5,800 jobs NEI said it was being forced to shed when it announced a restructuring programme last September.

The cuts, however, also reflect the shaky condition of the UK power generation manufacturing industry. Babcock Power announced in December the axing of more than 600 jobs at its boilermaking plant at Renfrew, Scotland.

GEC Turbine Generators, the other UK turbine generator maker, is healthier than most in the industry, but even its plants, running at little more than 50 per cent capacity, are grossly short of work.

NEI Parsons is the single largest manufacturing employer in Newcastle, which has an unemployment rate above 20 per cent.

It said yesterday that one of the contracts it was hoping for, and for which confirmation had been delayed, was for a nuclear station in Turkey.

It is working on turbines for a power station at Jacui, Brazil and for projects in Botswana, Singapore and Iraq, but all this work is rapidly coming to an end.

NEI said it was continuing to press for orders from the Central Electricity Generating Board for coal-fired stations—at least two are expected to be ordered this year—"but such orders could have no substantial effect on NEI Parsons' manufacturing workload before, at the earliest, late 1988."

NEI said the £30m investment programme in tooling and automation at Newcastle would be unaffected by the decision. The company spent £40m in a six-year programme up to 1985 re-equipping the plant.

Jobs reprieved by Davy purchase

By Neil Bennett

DAVY CORPORATION, the engineering contractor, is buying part of the Investment Trade and Management group, the supplier of offshore equipment in the hands of the receiver, giving a temporary reprieve to 300 workers.

The corporation has bought the Normanby Wharf site, Middlesbrough, Cleveland, and plans to employ all of ITM's workers until present contracts with Mobil and British Shipbuilders for offshore modules end in June or July.

There is no sign of a buyer for another ITM site at Head Wrightson, Middlesbrough, however, and its 250 workers look likely to lose their jobs.

In Derby, James Smith and Company, a 150-year-old clothing firm, has announced it will be closing in April, with 300 redundancies. The company blames the closure on a lack of demand.

Aiton and Co, the Derby manufacturer of high pressure pipework, is making up to 100 workers redundant because of a lack of orders from power stations.

British Rail to close eight container depots

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH RAIL yesterday announced the closure of eight of the 22 depots operated by its Freightliner subsidiary, the world's biggest overland container carrier.

About 480 staff will lose their jobs but will be offered alternative employment within BR, the corporation said.

The closures will reduce Freightliner's exposure in the domestic short-haul market where it has difficulties from about 25 per cent of revenue to about 10 per cent. The comcompany has experienced continued problems in the short-haul market, defined as journeys of less than 250 miles, where road haulage has a significant cost advantage.

The company said the depot closures would enable it to concentrate on the more profitable long-haul business. The reorganisation will affect up to a quarter of Freightliner's customers.

Mr Bryan Driver, chairman of Freightliner, said it had been supporting a depot network "geared to increasingly unprofitable, largely shorter-haul, domestic distribution. The new network will enable us to meet the needs of the markets that we can serve best, and achieve long term profitability."

Freightliner made an operating surplus of £100,000 last year on turnover of £106.3m, before extraordinary losses of £1.5m. This followed an operating surplus of £1.5m in the 15 months to March 1985, on turnover of £126.2m.

Freightliner handled more than 700,000 containers last year. The company employs 1,747 staff, and operates 200 trains daily.

The National Union of Railwaymen said the closure announcement was "another symptom of the failure by the British Railways Board to grasp the opportunities for the expansion of rail freight."

Mr Jimmy Knapp, general secretary, said BR had "deliberately taken a decision to sell out and sell up." He said the board had failed to provide Freightliner with adequate wagons and equipment, allowing competitors to win lucrative business

Esso sued over refinery deal

BY LUCY KELLAWAY

ESSO is being sued for $28m (£18.9m) by a private Liberian construction company, Delta Middle East, for alleged breach of contract following its sale to Delta in 1984 of the process plant of its Milford Haven refinery.

Delta, based in Jersey, has already obtained a legal judgment on the damages from the High Court in London. However, no trial took place and Esso is to appeal at the end of this month.

Esso said yesterday: "The judgment was granted without a hearing, and damages have neither been assessed nor awarded."

In May 1984 Delta agreed to buy from Esso for £3.2m the process plant of its Milford Haven refinery. It planned to transport the parts so they could be re-used in a £400m refinery it was building in Ajman, a member of the United Arab Emirates.

However, in October last year Delta was ordered off the Milford Haven site by Esso, which claimed it had failed to pay for the plant.

But Delta claims Esso was in breach of contract and is asking for damages of $27.875m to cover the cost of the work which has already been undertaken towards the Ajman refinery.

A spokesman from Delta said yesterday that without the Milford Haven plant the Ajman refinery would probably never be built and that, as a result of the cancellation of the contract, 300 jobs had already been lost in the UK and the Middle East.

Payment for the plant was originally due in 1985, but the contract has had to be rescheduled several times at Delta's request.

However, Esso says the final payment date of March last year was missed. So in July it cancelled the contract.

Although the plant was due to be shipped to the Middle East in 1985, and the Ajman refinery was due to come on stream in 1988, the whole project was delayed repeatedly and none of the components has yet left the site at Milford Haven.

The Milford Haven refinery has been idle since 1983 when it was closed down as part of a general move in Europe to shut uneconomic refining capacity.

Pleasurama chief leaves after row on acquisitions

By Philip Coggan

MR GEORGE MARTIN, the 41-year-old chairman and chief executive of Pleasurama, the leisure group, is leaving the company after a boardroom row over acquisitions policy.

The company's shares immediately dropped 30p on the news but recovered to close 16½p lower at 315½p.

Mr Martin, who joined the group in 1974, is understood to have advocated a more cautious approach to the pace of expansion than the rest of his board. He also disagreed with the board's plan to create the past of finance director which, unusually for a company of its size, Pleasurama did not have.

Pleasurama, which made pre-tax profits of £37m in 1985, operates casinos both in London and the provinces and also has substantial amusement machine, hotel and holiday interests. In August, merger talks with hotel group Mount Charlotte Investments collapsed but Pleasurama then bought Scottish-based Norscot Hotels for £11m in November.

Mr Nat Solomon, who was formerly the group's chairman, is resuming the post in a non-executive capacity and Mr Warren Tuddenham, previously responsible for the company's London casinos, will become managing director.

Mr Martin, who is believed to have had a rolling 3-5 year contract, earned £150,000 in the last financial year. Details of his compensation have yet to be settled but he will leave the company at the end of this month.

Further board changes involve the appointment of Mr A. L. Goodenough and Mr G. B. Hardy with responsibilities for the holiday division and finance respectively and the retirement of Mr R. P. Ashworth, who was responsible for the group's amusement machine activities.

Shares in Vaux, the brewing group, rose 12p to 521p yesterday on speculation that the board changes might make a bid from Pleasurama more likely.

In 1983 Pleasurama mounted a bid for Trident Television which was blocked by the Monopolies Commission, because Grand Metropolitan, Britain's biggest casino operator, owned 25 per cent of Pleasurama. After that stake was sold, a renewed bid succeeded in early 1985.

Stanecastle chairman quits trust

By Clay Harris

MR WILLIAM FORSYTH, chairman of Stanecastle Assets a Scottish fund management firm, has resigned as a director of Edinburgh Financial Trusts at the request of the investment trust's board.

Lord Sanderson of Bowden, EFT chairman, said yesterday: "There has been serious disagreement with Mr Forsyth over the performance of the trust, particularly over the last six months."

Stanecastle, in which EFT has a 40 per cent stake, expects to remain as managers for the trust. It announced yesterday that it had appointed two new directors, Mr David Fortune and Mr Paul Hilton, and was preparing to strengthen its executive team responsible for undermanagement.

EFT's share price stood at 49p yesterday, at a premium to its net asset value of 44p on December 15.

Stanecastle emphasised that there was no connection between Mr Forsyth's departure and the purchase last month of a 21.3 per cent stake in EFT by a consortium led by Mr Bruce Judge, the New Zealand entrepreneur.

● Mr David Poole has resigned as chief executive of ANZ Merchant Bank, the London merchant banking arm of the Australia and New Zealand Banking Group.

His position will be taken, for the time being, by Mr Bruce Dickinson, senior general manager of ANZ Bank.

ANZ Merchant Bank was launched a year ago with the amalgamation of ANZ and Capel Cure Myers, the London stockbroking firm.

Hurd warns on Alliance vote

By John Hunt

MR DOUGLAS HURD, the Home Secretary, warned last night that the Labour Party was hoping the SDP-Liberal Alliance would win enough Conservative seats at the next general election to give Labour a majority.

He told a party meeting at Basingstoke that Alliance leaders knew that they had n ohope of gaining power and heir most likely role was as "spoilers."

Rolls Royce Motors chief to head hived-off Unipart group

BY JOHN GRIFFITHS

MR RICHARD PERRY, chief executive of Rolls-Royce Motors, is to be non-executive chairman of Unipart, the formerly state-owned car parts and accessories group, now renamed UGC.

This was revealed as a consortium of managers and institutional investors yesterday signed a deal to buy 78.33 per cent of Unipart from the Rover Group.

They paid £30m cash on the signing and could pay up to £22m more depending on UGC's performance and whether it is floated on the Stock Exchange.

Charterhouse Bank, which organised the institutional investors, who have acquired a 56.33 per cent stake, said 70 Unipart Group managers had subscribed for an initial 10 per cent interest, which could rise to 20 per cent if performance targets were met.

UGC's 4,000 employees are being offered, within the next two weeks, a 12 per cent share in the company, with Rover Group retaining the balance.

Mr John Neill, group chief executive, one of the motor industry's strongest advocates of employee participation, fought successfully to have an original 5 per cent employee share increased. UGC will also lend money to employees to buy shares.

Richard Perry: career in motor industry

The employee allocation is expected to be fully taken up, and possibly over-subscribed, judging by the enthusiasm displayed at a series of privatisation presentations.

Charterhouse disclosed that the institutional investors were led by Electra Investment Trust, Globe Investment Trust and Charterhouse Development Capital.

Other investors include Investors in Industry, Standard Life and Citicorp Venture Capital.

Mr Perry, 56, was unavailable for comment on his appointment last night. However, he is a well-known motor industry figure who spent nearly all his career with Austin and BL (now Rover Group) before joining Rolls-Royce in the late 1970s, first as managing director of Mullinar Park Ward coachwork division, then in 1982 as managing director of the cars division.

Ford increases fleet car market share to 48%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD increased its domination of the UK fleet car market last year by boosting its share from 44.95 per cent in 1985 to 47.77 per cent.

The group's progress was mainly at the expense of General Motors, the Vauxhall-Opel concern, while Austin Rover, the state-owned Rover Group subsidiary, held its position.

Statistics from the Society of Motor Manufacturers and Traders show the 1986 fleet car market — comprising purchases by companies which buy more than 25 cars a year—increased by 1.33 per cent to 470,994.

This represented just over 25 per cent of last year's total new car registrations, which reached a record 1.882m.

The whole of GM's loss of share in the fleet market last year—from 31.85 per cent to 27.72 per cent—was accounted for by a drop in sale of the Vauxhall Cavalier, its best-seller.

It is well-known among professional buyers that the Cavalier is to be replaced by a substantially new model next year and this knowledge is already having a significant adverse impact on its popularity

The Cavalier won an 18.52 per cent share of fleet sales in 1985 but last year its registrations fell by 12,000 to 68,399

Top 10 fleet cars in 1986 in order were Ford Sierra (71,178 sold): Vauxhall Cavalier (68,399); Ford Escort (63,973); Ford Fiesta (36,235); Vauxhall Astra (33,910); Ford Granada (26,353); Ford Orion (25,662); Austin/MG Montego (22,516); Austin/MG Metro (18,402); Austin/MG Maestro (12,077).

Austin Rover prices to rise average 3.5%

By John Griffiths

AUSTIN ROVER announced yesterday that its car prices are to go up by an average of 3.5 per cent from Monday.

The increase will not apply to cars already held in stock by dealers.

The Rover Sterling, the "flagship" model, is being increased in price by only 1.1 per cent.

The rise brings Austin Rover's total increase for the past year to 6.6 per cent, below both Ford's 7.3 per cent and Vauxhall's 8.56 per cent.

Some examples of new prices, with taxes (old prices in brackets) are: Metro 1.0 City X £4,988 (£4,798); Montego 1.6L £7,752 (£7,296); MG Maestro 2.0 Efi £8,672 (£8,398); Rover 216S £7,795 (£7,498); Rover 820 Si £13,897 (£13,246); Rover Sterling £18,995 (£18,795).

Stalker to join TV production company

BY RAYMOND SNODDY

MR JOHN STALKER, the Deputy Chief Constable of Greater Manchester who retires in March, is to join Mersey Television, an independent production company, as a manager.

Mr Phil Redmond, chairman of Mersey Television and creator of the Brookside soap opera for Channel 4, yesterday described the choice as "a piece of lateral thinking."

Mersey, which employs 120 and has a turnover around £4m, plans to expand television production. "If we are going to start expanding the production base we have to expand the management." Mr Redmond said. Mr Stalker's job will be clearer after Monday's board meeting, but it is likely that he will become general manager. Mersey Television was already looking for a senior manager last month when Mr Stalker announced his decision to leave the police. He had been reinstated in August following an inquiry.

Post Office plans £15m computer experiment

By Terry Dodsworth, Industrial Editor

THE POST OFFICE is planning to launch trials on a £100m computerised counter service scheme which would create one of the largest advanced data processing networks in the country.

The project, already agreed by the Government, is expected to be tested in a £15m pilot programme due to start in the summer.

If the trials are successful, the project would go ahead in about 6,000 of the largest post offices, and would form the centrepiece of plans to modernise the national network.

Ultimately, the Post Office is aiming to develop a sophisticated system capable of handling a wide variety of transactions.

These would include computerising all its agency work for other government organisations, such as the Driver and Vehicle Licensing Centre, the Department of Health and Social Security, and National Savings.

The system will be designed to accept plastic cards for cash withdrawals and settling bills. The Post Office is also considering schemes to issue travel and other tickets over the counter.

These objectives imply an extremely sophisticated data processing network equal to anything yet devised in Britain, with machines capable of linking into other networks instantaneously.

In the next stage of the project, two contractors are being invited to tender for the pilot scheme, in conjunction with network suppliers who will link up the counter terminals.

The bidding battle has been reduced over the past few months to Software Sciences, the Thorn EMI subsidiary, and ICL, the UK computer group now owned by the STC electronics group.

The network supplier for the Software Science consortium will be Plessey, while Racal Milgo is linking up with ICL.

Both groups will use counter terminals supplied by Nixdorf Computer, the West German group, although discussions are continuing with other companies for the main long-term contract.

The Post Office said yesterday the computerisation scheme had been fully agreed with the trade unions and that there would be no job losses as a result of changes.

The aim would be to improve the volume of transactions going through the network and would increase job stability.

ITV companies consider backing film industry

BY RAYMOND SNODDY

INDEPENDENT television companies are considering substantial backing for the British film industry through an investment in British Screen Finance, the private sector successor of the National Film Finance Corporation.

One proposal being considered envisages ITV companies putting up £5m a year for three years to help finance 20 British films. The films would be shown on commercial television.

If the deal goes ahead, it will be a big boost for British Screen, which has about £3m a year to invest in film production.

The organisation gets £1.5m a year in government grants over five years. The rest of the money comes from its shareholders, Channel 4, Rank and the Cannon Group, and from revenue from the NFFC's portfolio of film rights.

Mr Simon Relph, chief executive of British Screen, declined to comment in detail but confirmed that talks were taking place. He said: "I am actively seeking such a deal and actively talking to the ITV companies and I am very hopeful."

The Trade and Industry Department, responsible for the film industry, and the Home Office, responsible for broadcasting, are enthusiastic about the idea.

The proposal, which had been discussed by the ITV film purchasing committee is becoming part of the much wider political issue of access of independent producers to the broadcasting system.

Following the Peacock Report into the future of British broadcasting, Mr Douglas Hurd, Home Secretary, has said he wanted to see independent producers gain access to 25 per cent of Britain's television channels over four years.

Some senior ITV managing directors would probably only be prepared to support the film proposal if it counted towards the independents' "quota."

The Home Office is prepared to interpret independent producers in a broad sense to include independent film producers. It would probably accept the film investment proposal as part of a package of measures to encourage independents.

There would, however, be a stipulation that ITV money invested through British Screen Finance would have to go to genuine independents and not find its way back to the film-making subsidiaries of ITV companies.

The ITV companies and the Independent Broadcasting Authority are looking at possible measures to increase independents' access. Apart from the film investment possibility, the ITV companies are looking at the extent to which independents could be used when ITV launches full day-time television in the autumn.

Thames TV to invest in satellite service

BY RAYMOND SNODDY

THE Independent Broadcasting Authority has given Thames Television permission to invest in Astra, a private sector European satellite service based in Luxembourg.

Astra is planning to launch a 16-channel television satellite covering most of Western Europe next spring. Thames, the largest ITV company, is expected to sign formal agreements with SES, the company behind Astra, later this month.

Thames will pay £3.7m for an initial stake of about 5 per cent but the company has an option until June to take a further 5 per cent.

Approval from the IBA, which regulates independent television companies, is required when these companies plan diversification.

Mr Richard Dunn, Thames managing director, will join the board of SES. The ITV company is also considering the possibility of launching its own European channel on the satellite, probably with partners.

The importance of the Thames stake is considerable. It gives the controversial Astra project, which has faced criticism from Eutelsat, the European satellite telecommunications monopoly, an important measure of credibility.

Mr Robert Maxwell, publisher of Mirror Group Newspapers, is negotiating for a stake in SES and British Telecom is believed to be interested in leasing a number of channels.

SES, which has the financial backing of Luxembourg, West German and Belgian banks hopes to become the "hot bird" in Europe—the satellite that all programme providers want to be on.

It is a medium-power satellite so its channels can be received by domestic dish receivers of about 85 cm in diameter, as well as by cable television networks.

Individual transponders, which transmit a programme channel, will cost between \$4.5m and \$5.5m (£3m and £3.7m) a year to lease.

Chunnel safety to be queried by MPs

By Kevin Brown, Transport Correspondent

THE CHANNEL TUNNEL Group's proposals for a twin-rail tunnel between England and France are expected to come under renewed attack on safety grounds when MPs return to Westminster next week.

The standing committee considering the Channel Tunnel Bill will reconvene on Tuesday, and is expected to debate a number of amendments on safety issues.

These will include an amendment being moved by Mr Nick Raynsford, Labour MP for Fulham, requiring the group, the British arm of the Eurotunnel consortium, to produce reports on safety.

One would cover the implications for comparative safety of allowing passengers to travel on shuttle trains with their cars, or providing segregated passenger areas.

Mr Raynsford's second amendment would instruct the safety authority set up by the British and French governments to compel the operators to adopt the best possible safety systems.

Mr Raynsford was heavily critical of the Channel Tunnel Group yesterday, after allegedly being refused access to a press briefing on safety issues. "I can only conclude that Eurotunnel can have very little confidence in their position if they are not prepared to allow interested and concerned MPs to attend press briefings," he said.

"This lack of openness is all the more deplorable given the crucial importance of the issue. Literally thousands of lives could be at stake if the tunnel system is not constructed and operated to optimum safety standards."

Safety has become the central topic for opponents of the tunnel, largely as a result of an effective campaign by Flexilink, the organisation representing Channel ferry operators.

The Channel Tunnel Group has repeatedly dismissed claims that the tunnel would be vulnerable to sabotage or fires caused by passengers.

Gas record broken as cold snap begins

GAS consumers broke the UK record for the most gas used in a day on Thursday, as temperatures dropped sharply.

During the 24 hours to 6 am on Friday British Gas delivered 9,532m cu ft of gas to customers—4 per cent more than the previous record on February 26 last year.

Fiona Thompson on how a surge in property crime is bolstering an industry

Burglary alarm boosts security sector

NINETY-FIVE per cent of all crime reported to the police is property related. The total number of reported burglaries in England and Wales in 1985 was 871,000. Since 1979 they have increased by 59 per cent.

While no one welcomes such statistics, they have spawned a business upsurge for a growing number of companies in the crime prevention industry, as householders and businesses have had to strengthen their defences.

Companies in the security industry tend to fall into one of two categories: those providing services, such as security guards and cash-in-transit facilities; and those providing security systems and devices, such as closed circuit television, burglar alarms and locks.

ICC Information Group, a business information company which produces 180 industry sector analyses each year, says the security industry market for the year to April 1985 was worth £1.4bn, based on turnover for 91 companies, a high percentage of all those in the sector.

The 1985 figure was an increase on the 1984 figure of £1.2bn and on 1983 sales of £1.1bn.

Growth has been substantial in the domestic and commercial sectors.

There were 58,500 burglar alarms installed in 1985, according to the National Supervisory Council for Intruder Alarms. Though most of these were commercial installations, 18,000 were household fittings, up from 7,500 in 1982.

Mintel, a market research company, in a May 1986 report on security products, estimated the total alarm market for 1985 was worth £51m, a considerable rise on the 1982 figure of £13m.

The lock market particularly for door chains and window locks, has doubled in size since 1982, according to Mintel, largely due to increased concern about home security. Total UK sales in 1982 were £65m and this rose to £130m by 1985.

Although only 15 per cent to 25 per cent of UK homes have some type of security product, more and more homeowners are fitting "low specification" items, attracted by their relative cheapness and ease of installation. The do-it-yourself cost of fitting locks on eight windows ranges between £20 and £50.

Mr John Wheeler, chairman of the Home Office working group on residential burglary, says: "Most residential burglaries are committed off the cuff, on the spur of the moment."

He does not envisage a great explosion in the number of householders purchasing electronic security devices. "Less than £25 worth of property is stolen in just under half of all domestic burglaries and only in 10 per cent of all burglaries is the value of the property more than £500."

Manufacturers of mechanical products will see a steady growth in sales of good quality products, Mr Wheeler says, adding (with not a little exasperation): "The problem is not so much to get people to buy locks, but to get them to use them."

Over the past year, several insurance companies have launched schemes to encourage policyholders to improve the security of their homes.

Royal Insurance, one of the top three UK insurance companies, with a turnover of £700m for the year to December 1985, has since last April offered discounts under its Homeshield policy for certain types of security arrangements.

A customer who is a member of a Neighbourhood Watch scheme can claim a 5 per cent discount. Having your house surveyed by one of the top nine national security companies and carrying out any recommendations for fitting additional or replacement locks, bolts or an alarm will earn a 15 per cent discount.

Royal says it introduced the discounts because of consumer demand and to gain a marketing advantage.

Chubb Lock has linked with Legal & General, Pearl Assurance, Midland Bank and the AA to offer policyholders a 10 per cent discount on any of its products.

In spite of Home Office figures showing a 3 per cent drop in the number of recorded burglaries in 1985 over 1984, all predictions point to strong future growth for the electronic security business. This includes alarms, closed circuit television, access control systems (plastic identification cards which gain the holder access) and photographic surveillance.

Most business is expected to come from the commercial sector. More and more High Street mutiples are investing in sophisticated security systems, as is the financial services sector.

According to Mr David Lawrence of the ICC Information Group, the industry is splitting. Growth in its traditional part—locks and safes—will be outpaced by electronic surveillance detection and prevention devices.

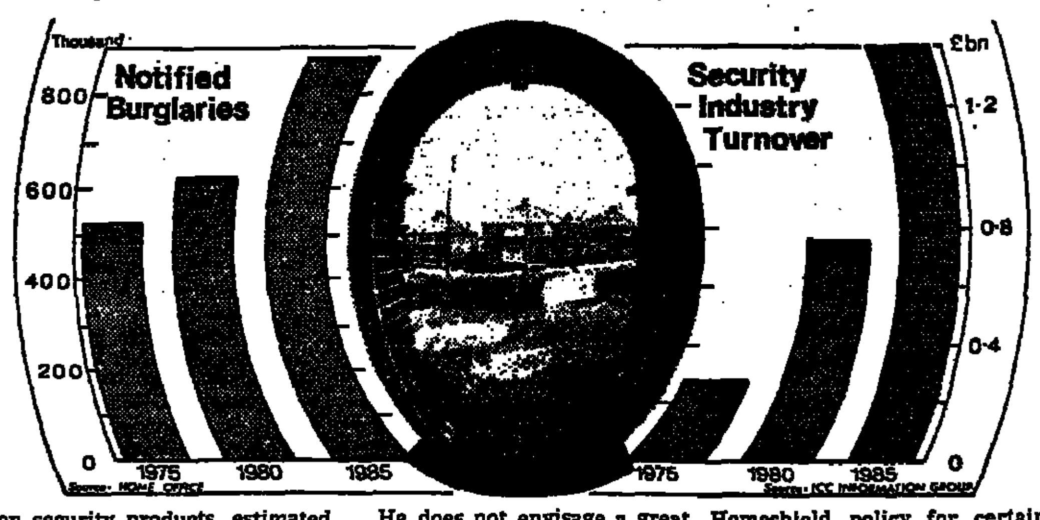
An ICC industry analysis of the period 1982-85 reported a decline in overall return on capital and profit margin but continued growth

Between 1982-83 to 1983-84 profits rose 8.1 per cent on increased sales of 9.2 per cent. But from 1983-84 to 1984-85, profits declined 3.3 per cent on increased sales of 11.7 per cent.

He says: "This is possibly due to greater competition, and companies cutting back on margins to establish market share. There are still good pickings to be made for companies in the right areas."

ICC says particular growth is likely to be achieved by companies capable of product and service innovation.

The sector will continue to grow at a steady rate though its composition will change. There is no sign, the report says, of an immediate need for security to diminish.



Engineering training initiative

By Alan Pike, Industrial Correspondent

CHANGES are planned in the financing of engineering training in an effort to increase the industry's supply of skilled labour.

The Engineering Industry Training Board has decided that its system of exempting companies from payment of statutory levy if they fulfil agreed training requirements is no longer meeting the industry's needs.

At present 95 per cent of engineering companies are exempt from levy payments and this is likely to rise soon to 97 per cent. But, in spite of the optimistic position which these figures suggest, the industry is beset by skill shortages

The board will decide what alternative financial structure to adopt in March after consulting the industry on three options:

- Retaining a levy exemption structure but making the criteria for exemption more rigorous.
- Reverting to the levy/grant system which applied between 1964 and 1973. This would enable the board to extract up to £160m a year from the industry,
- Withdrawing the board from the whole levy grant process and treating the financing of training as a matter for individual companies. The board would still collect a non-returnable operating-costs levy from all companies—up to 0.2 per cent of payroll is permitted by law, which would raise an annual £30m.

BCal confident of £30m profit

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, the independent airline, is confident it can achieve its planned profit target of £30m this year after difficulties in 1986.

Sir Adam Thomson, chairman, says the airline last year found itself "up to its neck in a thrashing brawl of economic alligators," with difficulties stemming from several factors.

These included a decrease in traffic after the US attack on Libya and the Chernobyl nuclear power accident, disappointing traffic growth in Saudi Arabia, difficulties on African routes, especially in Nigeria, and the loss of the Gatwick-Heathrow helicopter link.

BCal believes the future is brighter, with last year's economy drives increasing productivity by about 12 per cent over the previous year.

The airline says its break-even load factor — the point from which it starts to earn profit — has been reduced significantly, widening its profit potential.

Sir Adam says European traffic is improving. Variations to the Saudi Arabian operating pattern should improve performance and results; and forward bookings on the North Atlantic are encouraging. The problems with Africa, including blocked funds and an overall reduction in traffic, are being dealt with "as a matter of the utmost priority."

Plans are well in hand for the launch of new services, such as those to Tokyo in the spring, subject to satisfactory completion of negotiations with Japan, to Gaborone in Botswana, and later in the year to Nice and Milan.

The airline's bids for expansion to Copenhagen, Stockholm, Oslo, Rome and Athens will be put before the Civil Aviation Authority in a forthcoming route case. Other plans include implementing its licence to serve Seoul in South Korea,

The airline's profitability target for 1987 of £30m was "attainable, notwithstanding the unpredictability of our business," Sir Adam said.

- Britannia Airways, part of the Thomson Group, was last year confirmed as the UK's second busiest airline after British Airways, with a record passenger total of just over 5.54m.

Mr Dave Hopkins, managing director, expects 1987 to be equally busy. Tour operators report record bookings so Britannia is expanding its fleet and will this year be flying 26 Boeing 737s and five Boeing 767s.

- Recruiting is underway to fill the first of several hundred jobs being created by the development of the Stolport in London's Docklands.

City development plan agreed

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

CITY OF LONDON planners have reached agreement with property owners over the redevelopment of a key part of the financial centre.

The agreement concerns London Wall, a street to the north of the historic centre which is likely to provide much of the extra space needed by financial institutions.

It is unique in City planning history, in that the planning authorities and developers have agreed guidelines for changes without the need for laying down precise specifications

A significant aspect of the agreement is that it is designed to tell the financial community that expansion of office space will take place without being fettered by too many restrictions.

London Wall is a key area for expansion. It is outside the City's conservation area, and nine redevelopment schemes are being considered. Their realisation, which has come a step nearer with the agreement, would substantially ease office congestion in the City.

Property owners have accepted the agreement, according to Mr Michael Cassidy, chairman of the City Corporation's planning committee.

The nature of their agreement, Mr Cassidy explained, was a definition of what their respective schemes will hold in common.

This week the city council accepted the first significant redevelopment scheme for London Wall when it granted planning permission to Scottish Amicable Life Assurance for replacing Moor House, built in the late 1950s.

Corporate venturing promotion

By Neil Bennett

A CAMPAIGN to promote corporate venturing, a system where large companies invest in smaller businesses to help them develop new products, has been launched by the National Economic Development Office.

This move follows a Nedo survey showing that fewer than one in 10 companies have used corporate venturing as a way of raising money.

Corporate venturing has benefits for both smaller and larger companies. A small company profits from its larger partner's financial support and management expertise, while large companies can diversify using the smaller ones' range of skills and sensitivity to market requirements.

The system is widely used in the US where large companies provide up to 40 per cent of venture capital. Many British companies, however, are either unaware of corporate venturing or view the idea with distrust.

Mr Michael Brech, head of Nedo's finance for industry section, said: "The large company's attitude is one of pride. They think they've seen it all before. Small companies are afraid of losing their independence."

Nedo has published a booklet on corporate venturing. It explains in diagrams how agreements can be set up with or without a third party. Nedo is also holding a one-day conference on January 27

Mr Brech said: "We're really aiming at the sleepy giants, who have piles of cash in the bank."

* *Corporate Venturing: A strategy for innovation and growth.* Nedo books, Millbank Tower, London SW1P 4QX £5.

ECONOMIC DIARY

TOMORROW: Mr George Younger, Defence Secretary, visits the Falklands (until January 17).
MONDAY: Credit business (November). Retail sales (November — final). Producer price index numbers (December — provisional). EEC Fisheries Ministers meet in Brussels. Parliament returns after Christmas recess.
TUESDAY: Provisional figures of vehicle production (December). Hanson Trust annual meeting.
WEDNESDAY: Overseas travel and tourism (October). Advance energy statistics (November). Building societies' monthly figures (December). Guinness board considers Department of Trade and Industry probe. Institute of Directors makes its budget representations. London Tube strike threatened. West German Government makes annual economic report.
THURSDAY: CBI/FT survey of distributive trade (end—December). Quarterly analysis of bank advances and unfilled vacancies (December — provisional), average earnings indices (November — provisional), employment hours, productivity and unit wage costs; industrial disputes. US-Soviet arms talks resume in Geneva.
FRIDAY: Tax and price index (December). Usable steel production (December). Retail prices index (December).

Heroin haul drops sharply

BY RICHARD EVANS

SEIZURES of heroin in the UK fell by almost half last year—the first fall in five years—but seizures of cocaine, amphetamines and cannabis continued to increase, according to Customs and Excise statistics.

Officials believe the fall in heroin seizures from 334 kilogrammes to 183 kg indicates a shortage of the drug available to traffickers. Mr David Mellor, the Home Office Minister responsible for the Government's drugs campaign, said the figures could mark the beginning of the end of Britain's heroin problem.

"I think we are reaching the peak, the end is in sight . . . if people keep up their efforts the problem could very well have peaked, but I don't want to make premature claims of victory."

During 1986, customs investigators seized illegal drugs with a street value of £85m, compared with £107m the previous year. Seizures of amphetamines showed the biggest increase, from 26 to 37 kilos. Cocaine seizures, up from 79 to 94 kilos showed a 20 per cent increase and Mr Mellor said the figures vindicated the decision to target the drug.

An extra 70 investigators will be recruited in the next 15 months, taking the total strength to 376. A special amphetamines squad is to be formed.

Investor paper out in spring

Financial Times Reporter

A WEEKLY controlled-circulation newspaper is to be launched in spring by Financial Times Business Information (FTBI).

The publisher and editor will be Mr Colin Chapman, 49, whose recent career includes two years as deputy editor of The Australian in Sydney and more than 10 years as BBC Television's economics correspondent.

FTBI, a subsidiary of the Financail Times Limited publishes a wide range of financial journals.

APPOINTMENTS

Foreign Banks Association chief

Mr Nigel Hudson, general manager of Creditanstalt-Bankverein, has been appointed chairman of the FOREIGN BANKS ASSOCIATION in succession to Mr Jacques Rambosson of Banque Nationale de Paris. Mr Gottfried Bruder, general manager of Commerzbank has been appointed vice chairman. Mr Oliver Michon becomes vice chairman of the association's EEC group, Mr Karl Janhunen, chairman of the Europe group, and Mr Ademar Albuquerque chairman of the world group. Mr Leonard Jackson continues as secretary.

★

Allida Holdings has made the following organisational changes to its board. Mr R. Stone relinquishes the role of chief executive but continues as executive chairman. Mr L. A. Coppel, a director, becomes deputy chairman (non-executive). Mr C. Lewer and Mr J. A. Bunnell, executive directors, become joint managing directors. Mr Lewer will have responsibility for the merchanting and distribution division and Mr Bunnell for the manufacturing division.

★

GLENLION has appointed Mr J. S. Stanley to the board. He will continue to be responsible for group development activties as managing director of Glenlion Developments.

★

The INTERNATIONAL CD MARKET ASSOCIATION has elected Mr Darryl G. Baldwin, of Morgan Stanley, as chairman.

★

Mr Paul Engers, has been appointed an executive Director of SENTINEL LIFE. He is Appointed Actuary.

EXACTA CIRCUITS has appointed Mr Peter Lawson as a non-executive dirtector.

★

GUIDEHOUSE, issuing house subsidiary of the Guidehouse Group, has appointed Mr Adrian Bradshaw and Mr Robert Pollard. Mr Nick Miller becomes assistant director.

★

Mr Charles Lowe has been appointed company secretary of BLUE ARROW. He succeeds Mr David Atkins who has resigned to devote the major part of his time to Blue Arrow US businesses.

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mount Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat. Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm. Bk. N. East	11	Northern Bank Ltd	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E.T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equatorial Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11½	Trustee Savings Bank	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%, 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

Artificial limb workers expected to defy union

BY JIMMY BURNS, LABOUR STAFF

SENIOR managers of J. E. Hanger, an artificial limb manufacturer at the centre of a three-and-a-half month old industrial dispute, said yesterday the company was ready to try to resume work next week at its Roehampton headquarters.

The company hopes the work will be done by more than 20 former employees, expected to defy union instructions not to cross the picket line.

The company claimed yesterday that it had received replies from the former employees to a letter offering reinstatement and that "more are coming in."

Mr James Hiddleston, E. J. Hanger's managing director, said last night: "We now have enough staff to begin work next week. The only thing separating the men from the work is fear."

More than 200 former employees were warned by their union district officials at a mass meeting yesterday morning not to attempt to cross the picket lines.

In a related development, union shop stewards at Kellie, a sister company of J E Hanger based in Dundee, have urged the 70-strong workforce not to agree to any overtime which may be used to produce appliances for clients normally serviced at Roehampton.

The recommendation follows a meeting on Wednesday between local union officials and a delegation of district officials from Roehampton.

Local union officials in Scotland said yesterday the workforce at Kellie had been misled by the management into believing that overtime work in recent weeks had been because of increased orders from the Scottish Health Department.

J. E. Hanger revealed earlier this week that some of the work previously done at Roehampton had been transferred to Kellie. The company claimed it had recruited 100 union members to service additional orders which have been diverted to its branches outside London.

More talks on Tube dispute expected

By Our Labour Staff

FURTHER TALKS in the London Underground dispute are expected on Monday to try to avert Wednesday's threatened 24-hour strike by members of the National Union of Railwaymen.

However, London Underground said last night it was drawing up contingency plans to try to run services on all lines, should the strike go ahead.

The prospect of fresh negotiations emerged after the NUR yesterday received letters from Dr Tony Ridley, London Underground chairman, and Sir Keith Bright, chairman of the parent London Regional Transport, following a meeting on Thursday between Sir Keith and Mr Jimmy Knapp, the union's general secretary.

Sir Keith said in his letter that he was asking the management of LRT Catering to be available for urgent discussions with its employees' unions. The catering division's desire for pay cuts of up to 30 per cent is one of the key issues in dispute.

The LRT chairman went on to warn the NUR: "A strike and other disruptive activity could cause lasting damage to a successful, expanding business, threatening—rather than safeguarding—the jobs of Underground staff."

The strike, and further disruptive action, was called by the NUR after a ballot among its 12,500 London Underground members produced a majority of almost 83 per cent in favour of action over the contracting-out of ancillary services, such as catering, and plans for 1,500 job losses among tube station staff.

Pickets' calm hides reality

The dispute at Hanger is moving into its fourth month. **Jimmy Burns** visited the factory gate

THE eight individuals on picket duty outside the headquarters of J. E. Hanger, the artificial limb manufacturer, of Roehampton, west London, appeared this week to be conducting themselves peacefully. "The police allow us to get on with our business according to the guidelines laid down by them, and we do," said Mr Les Gould, the oldest picket that day.

Nevertheless, beneath the surface calm there was no doubting the bitterness and grim determination in this small and yet arguably most emotionally charged disputes of recent times.

"When you've given a lifetime to a company, you expect more than one line saying 'we no longer require your services'," said Mr Gould. After earning £120 for a 39-hour week, he now receives £22 in strike pay without unemployment benefit.

Mr Gould worked for his company for 21 years and predicts he will not be offered back his job. The company is this weekend opening the final replies to letters it sent to 84 former employees selected for reinstatement on the basis "skill and performance."

The offer effectively closes the door on another 216 workers sacked three-and-a-half months ago. The company warns they may no longer be given severance pay as compensation. The pickets are challenging the company's selectivity and insist jobs should be offered to all former employees who want them.

In fact 79 of the original 300 have abandoned the picket line and joined other companies in recent weeks.

"When you have a mortgage to pay and two children round your neck, economics sometimes comes first," Mr Gould said in defence of those colleagues who had not chosen to see the dispute through to its ultimate consequences. He himself has only one child, a grown-up daughter "who can look after herself and me."

The dispute broke last September when the company dismissed all 300 of its staff who had walked out in sympathy with four shop stewards sacked by the company. They were dismissed for urging a voluntary ban on overtime.

The pickets emphasise they are in dispute over jobs — not on strike. It is an attempt to distinguish their current strategy from their last industrial action at Hangers 16 years ago; over pay. Mr Gould and his colleagues recall how on that occasion they were attacked by the media for what was regarded as their heartless disregard for the plight of their clients. This time their efforts to win the hearts and minds of the general public have been only half successful.

They appear to be torn between two poles. They need to claim their action is having an effect by preventing amputees and other victims from getting limb service. That, however, leaves them vulnerable to outside attack on the grounds that their continuing intransigence to the company's rationalisation plans are selfish and heartless.

This week an old-aged pensioner whose legs have been amputated travelled 15 miles to be wheeled past the pickets at Roehampton, .. only to be wheeled out again within minutes. He had been told that because of the dispute his artificial legs were "not yet ready." He was approached by a union official who took his name and address and urged him to be careful about what he said to the press.

The company, by preventing all its former staff from going back to work, was responsible for the hardship being caused, the union official insisted. "Try to understand, all we want is our jobs back."

CPSA strike call rejected

MEMBERS of the Civil and Public Services Association have rejected their union's call to take strike action against government proposals for ethnic monitoring of claimants at selected unemployment benefit offices.

Of 10 offices in Leeds, Nottingham, and Birmingham, only one voted to take action in this week's ballot. The Department of Employment's pilot monitoring scheme will now go ahead as planned for two weeks from Monday.

Charles Leadbeater on the bitter dispute facing British Telecom

Communications breakdown at BT

PAINSTAKING negotiations to draw up a pay and productivity deal for almost 150,000 engineers and clerical workers at British Telecom, the largest private sector employer, have been conducted behind closed doors for eight months.

However, following the breakdown of talks on Thursday, the two sides will pursue their negotiations from next week through other means—a potentially bitter and hard-fought industrial dispute.

It will be the first national industrial action to hit BT since the Post Office Engineering Union, as it was then called, launched a campaign in 1983 against privatisation and Mercury, the private telecommunications company.

This time the issue, the strategy of the union, renamed the National Communications Union, and the effects of the action will be different.

The issue. In 1983, the issue was primarily political, now it is about pay and conditions—the bread and butter of unionism.

BT has offered a complex deal, with a pay increase of 4.5 per cent from July 1986 and further payments in April 1987, tied to the implementation of productivity measures. Some engineering grades have been offered bonuses of between £75 and £140.

John Golding: flexibility

For some months talks bogged down on the productivity measures but were given a new life in December after the NCU voted by an overwhelming majority for industrial action.

Since then working parties have drafted detailed agreements which would introduce greater flexibility into working practices, multi-skilling and simplified pay grades.

Proposals to extend the working day by 45 minutes and allow the recruitment of technical officers from outside BT proved unpopular with the NCU. Both engineers and clerical workers were woried that grading structures and proposals to transfer work from higher to lower grades would limit promotion.

BT also wanted the union to agree that it would talk about measures to save on catering and cleaning costs and the introduction of a joint grading system for clerical and semi-skilled manual workers.

Mr John Golding, NCU general secretary, said: "At the end of the day flexibility was not the issue. We had agreed to greater flexibility, in principle and detail. The issue was just how much BT was prepared to pay."

The strategy. Three years ago the union was hamstrung by the just-introduced 1982 Employment Act.

But this time NCU leaders say they have learnt the lessons of 1983.

The union expects BT to take a tough stand from the start. Union leaders believe the company will suspend or send home engineers who regularly undertake overtime work as BT argues this work is written into their employment contracts.

Should this happen, branches have been authorised to stage strikes lasting up to 24 hours.

The effects: The 1983 action was selective, and the effects were patchy.

The national overtime ban may have a cumulative but very damaging impact on BT's business.

BT's Cumbrian area is still recovering from a seven-week overtime ban which engineers staged last August. Domestic customers bore the brunt: the backlog of residential faults increased seven-fold, domestic customers waited six to seven weeks for phone installations, repairs to business systems were delayed, and managers had to transfer hundreds of workers to prevent lengthy delays on business installations.

The union says overtime is running at 20 to 40 per cent to meet City needs. London will be the centre of the action, focused on the international communications systems of the City and the gateway exchanges which channel traffic abroad.

Projects to transfer telex lines, or install the infrastructure for computer systems, may be badly hit. BT admits its customers will be hurt.

For the union, this will be an important test of whether it has recovered enough strength to take on a privatised BT. For the company, it spells loss of business to its competitor Mercury, private installers, and damage to its image as a thrusting, high-technology company.

BT may have left the public sector but it has still to shake off some of its industrial relations traditions.

Teachers in London likely to stop work

BY DAVID BRINDLE, LABOUR CORRESPONDENT

MANY teachers in more than 1,000 schools in inner London are expected to go ahead with a one-day strike on Tuesday in defiance of the national leadership of their union.

Leaders of the National Union of Teachers have suspended the 70-strong ruling council of the union's London section, the Inner London Teachers' Association, and have told its 13,000 members to work normally on Tuesday.

However, the signs yesterday were that a substantial number of members intended to support the strike. Some teachers described the national leadership's action as heavy-handed and said it had strengthened their resolve to walk out.

The internal union dispute, which comes after years of friction between the NUT and its left-led Ilta division, is over how NUT members should protest at the Teachers' Pay and Conditions Bill.

The bill, abolishing the Burnham pay bargaining committee in favour of an interim pay advisory committee, is due to be debated in the House of Lords next week. The Ilta strike was called, without a pre-strike ballot, to coincide with the legislation's second reading.

After failing to persuade Ilta that disruption would be counter-productive, the NUT's national officials suspended the association's council in advance of a disciplinary hearing likely to be held on January 23.

Penalties imposed at the hearing could range from a warning as to future conduct, to suspension or even expulsion from union membership. Either of the latter courses would bar the individuals concerned from standing in Ilta's annual elections, due to start two weeks later.

The Ilta leaders had gone to ground yesterday, having done nothing to call off the strike, after staging a stormy meeting at County Hall on Thursday night which gave every indication that at least some schools would be affected on Tuesday.

The Inner London Education Authority said head teachers would be taking steps appropriate to the situation in their schools, to inform parents of any disruption.

● The TUC yesterday sent to Mr Kenneth Baker, Education Secretary, detailed proposals for a national joint council to negotiate teachers' pay and conditions in place of Burnham and as an alternative to his planned advisory committee.

The proposals, endorsed by the two bigger teaching unions —the NUT and NAS/UWT— note that the Labour-led local authority employers acknowledge the need for parliamentary over-ride of pay agreements "if national economic circumstances require." It is not clear whether the TUC unions support this.

Mr Baker is likely to reject the proposals.

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Equities and the EMS

FINANCIAL MARKETS could scarcely have got off to a less sleepy start in 1987. At the end of the first working week, after frantic intervention and unseemly name-calling, the European Monetary System stands poised for a major realignment. At the same time, the Baker-Miyazawa pact to stabilise the yen's value has come under severe strain with the Bank of Japan buying dollars furiously in an attempt to stem the yen's appreciation. As if this were not enough, bourses around the globe have been shrugging off uninspiring economic forecasts and soaring to new highs. Most spectacularly, the Dow Jones index has breached the 2,000 barrier for the first time.

The Dow's buoyancy, the turmoil in the EMS and the yen's strength are not unrelated. They all reflect the new-year weakness of the dollar, itself an indication of the absence of international agreement on ways of curbing the still widening US current account deficit. A falling dollar is good for US equities, at least in the short term, because it improves the profitability of the US tradeable goods sector. It is bad for the EMS because the D-Mark tends to gain disproportionately when investors become disillusioned with the dollar: the other EMS currencies are not taken seriously as investment vehicles.

Public row

The steady fall of the dollar would have made an EMS realignment necessary within the next few months. But an adjustment of parities before the West German election on January 25 seemed highly implausible until the last few days. The balance was tipped by the loss of confidence in the French franc in the wake of escalating public sector strikes in France and Mr Jacques Chirac's irritation at what be regarded as lack of co-operation from the Bundesbank. What should have been resolved in calm behind-the-scenes negotiations turned into a damaging public row which has done the EMS's reputation, especially in London, no good at all.

Indeed, Mr Lawson and Mrs Thatcher may now be reflecting with some satisfaction on the decisions made in 1985 and 1986 about EMS entry. The "time is not yet right" argument attracted a good deal of criticism but, with hindsight, seems at least partially validated. A very substantial devaluation of sterling against the D-Mark has been painlessly achieved in the past 18 months. Could it have happened had sterling been a full EMS member? France and other member countries are now having to push hard for the D-Mark's upward revaluation of even a few per cent. Mrs Thatcher would not like to be in Mr Chirac's shoes this weekend.

The trouble with exchange rate pacts such as the EMS is that the necessarily infrequent parity adjustments almost invariably become political dramas. The point to remember at times of tension is that the benefits to business from the long, quiet periods of stability far outweigh the costs of realignment. The EMS is not perfect but it is a big improvement on free-floating and it has greatly reduced intra-European currency volatility. Once a revaluation of the D-Mark has been agreed and the system settles down again, the events of recent days will look like a storm in a teacup—provided the revaluation is large enough so that strains do not reappear later this year.

Last fling

The worldwide buoyancy of bourses is slightly harder to explain than the strains within the EMS. The optimism of the bulls, which has sent 14 of the 16 largest stockmarkets to new highs, seems at variance with relatively lacklustre growth forecasts and continuing worries about current account imbalances, protectionism and Third World debt. One possibility is that this is merely the bulls' last fling—the final spike of a bull market which has been raging for several years in the main economies. Proponents of this view argue that most of the gains from falling inflation and interest rates must now be over and that prices already discount modest growth of 2½-3 per cent.

The lack of any close correlation between real economy strength and stockmarket performance is also disturbing. This is especially true in the US. Looking at the performance of the Dow since 1982, it would be hard to guess that America has been recording a string of record Federal deficits and experiencing an unprecedented deterioration of its trade account. It is ironic that the Dow, however fleetingly, should enter its second millenium in the week that President Reagan announced the country's first trillion-dollar budget. Big government may be good for private enterprise in the short run, but it imposes long-run stresses.

World growth

Currency instability in Europe and the latest disappointing figures for the US currency account deficit are probably providing more accurate signals of the macro-economic climate in 1987 than the early optimism on the bourses. Adequate world growth in the face of external imbalances is likely to be achieved only if a continuing premium is placed on international economic co-operation and co-ordination.

The Government gets tougher

By Paul Cheeseright

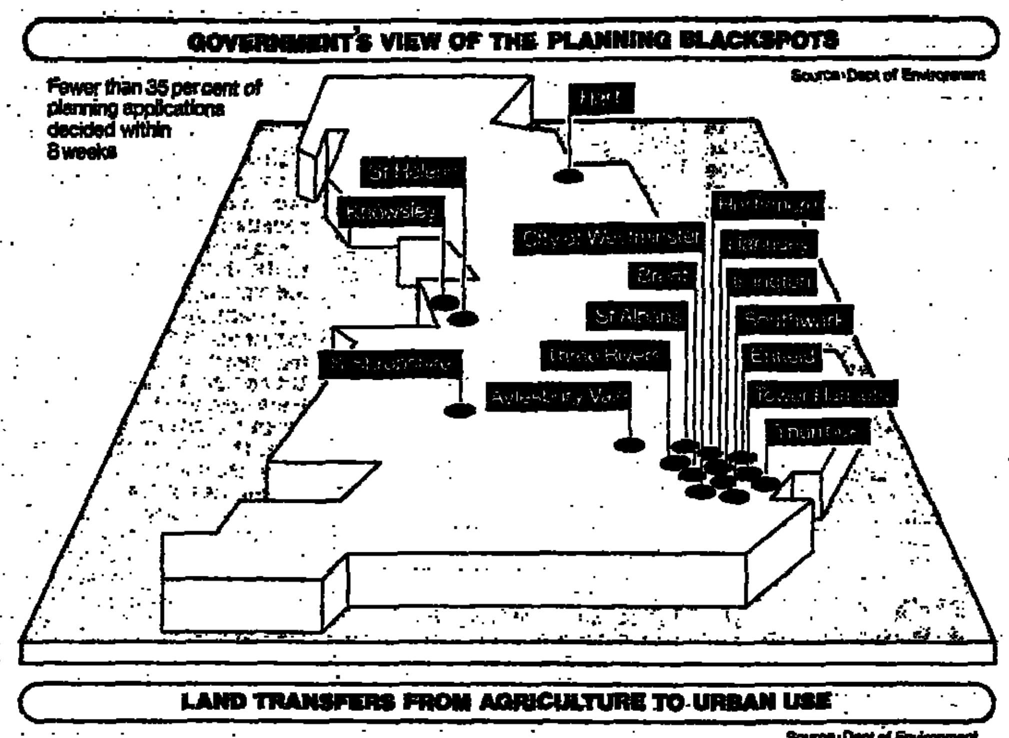
BRITAIN'S town and country planning system has become a battlefield of economic and political wills. Fundamentally the system deals with land use. Practically it is a control on everything from new dormer windows and the siting of a garage to the construction of a nuclear power station.

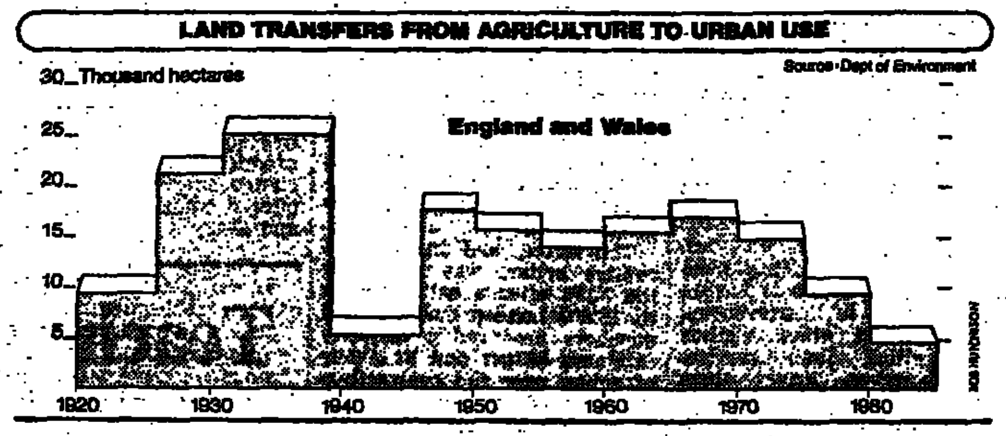
Today 15 per cent of all the plans for change or development with which the system deals nationwide are the subject of contest. The number of appeals to the Department of Environment to rule on differences between property owners or developers and the local authorities, which provide the first line of planning control, has climbed sharply. A decade ago the number of appeals in a year was 11,500; last year it was 13,500; this year it could be 19,000.

On major national issues, planning has become high politics: The inquiry into the siting of a nuclear power station at Sizewell was not only a matter of discussing the allocation of land for a particular purpose but an argument about whether there should be nuclear power at all. The matter is still pending after two years.

On local issues, political shifts have delayed for years the realisation of some projects. In Hammersmith, West London, there has been general agreement since the 1970s on the need to redevelop a key transport interchange built in Victorian times. Nothing has happened. The developer and the local authority remain in dispute.

So frustrated is the Government with the local authorities which run the system that it has started to override them. It has put development corporations into London Docklands and Merseyside and given them powers separate from the local authorities. It has used its majority in Parliament to overrule objections to schemes as small as the Okehampton bypass and as large as the Channel Tunnel.





Delays are at their worst for five years

But such solutions can only be occasional. In the longer run, a fair and efficient planning system is an essential element of good government.

"If it were swept away, there would be an outcry," says Mr. Rex Mercer of Drivers Jonas, the London chartered surveyor which works in both the public and private sectors. "Market forces do not have any regard for the wider view of society. The balance we seek in our affairs runs deep into the planning system."

None the less, doubts about the Government's commitment to this basic principle of planning as a tool of economic and social management run sufficiently deep that a pre-Christmas White Paper* found it necessary to declare "no intention of abolishing" the planning system.

Tired of exhortation, the Government has adopted a two-strand approach to changing the system; one involves streamlining at the point where planning applications are contested, the other is a more wide-ranging attempt to shake up the planning structure itself. One strand thus seeks to reform the existing system, the other departs from it.

This apparent contradiction springs from the confusion of the system itself and from the Goverment's own difficulty in reconciling competing policy objectives.

The system has its origins in the 1930s when zoning of land was introduced to control ribbon development. New planning acts were introduced after the Second World War, but the system under scrutiny and criticism today was conceived in the 1960s and brought into law in the early 1970s.

In predominantly rural areas — the counties — it provides for a two-tier system: county councils concentrating on pattern of land use or "structure" of their areas and district councils responsible for local planning. The big city metropolitan areas — London, Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire—lost their top tier planning structure in 1985 when the Government abolished the Greater London Council and the Metropolitan County Councils. Here planning is now in the hands of the boroughs. In all areas the first point of contact with the system for commercial developers and householders is the borough or district council.

It is too much to say that the system has broken down. The routine business, 85 per cent of the whole, goes through with greater or less despatch. But the Department of Environment has pointed the finger at 16 authorities (see map) which, it said just before Christmas, were failing to decide more than 35 per cent of planning applications in less than eight weeks — the statutory period for their consideration. Overall, the Department claimed, delays in handling planning application were at their worst for five years.

This sluggishness is the focal point of criticism now just as it was in the 1960s before the system was changed. "Now the system is 20 years old and it has not had an overhaul, but there have been rapid changes in the country," notes Mr Stephen Robinson of J. R. Eve which has one of London's largest planning practices.

Although Ministers contend that at the central government level the system is basically sound, they also warn that unless procedures are speeded up there will increasingly be the tendency to sidestep it. "There are a lot of opportunities for technological change. There's nothing that can't be done by good administrative systems," argues Mr William Waldegrave, the Environment Minister.

To this end, the Government is doing two things. First it has published a Green Paper†, setting out ideas which would have the effect of scaling down the role of county councils in the planning process. Instead of producing full-scale "structure plans," the counties would establish broad lines of policy in the form of a letter to the district councils under them. Regional co-ordination would be achieved by the development of bodies like the South-East Regional Planning Conference (Serplan) as a means of co-ordinating the district councils. But hitherto Serplan has emerged as a forum for discussion rather than a vehicle for co-ordination.

The period of consultation on the Green Paper ends in March so definitive proposals for a new administrative system of planning could emerge this year. The battle over the scope of local authority planning powers is likely to be bitter and protracted.

At the same time, the Government is tightening up procedures on planning appeals and public inquiries where there is a dispute between a developer and a local authority and where questions of national importance are at issue—the expansion of Stansted airport, for example. What the Government is trying to avoid is a repetition of planning exercises like that for Sizewell nuclear power station.

It is at this stage that the second strand of Government action, trying to reconcile competing policy objectives, comes into play. And here there are difficult philosophical and political questions. "It is not a function of the planning system to resolve political differences. If you try to make planning do that, it will devalue planning," warns Mr Mark Lintell of Land Use Consultants.

The Government is pushing for economic growth. In the planning contest, it argues that the system can be used not just to manage change but to promote it. "We start from the basic fact that, apart from special areas like the Green Belt, people should do what they like with their own property." So there is a qualified freedom, which Mr Waldegrave hastens to qualify again: where a development impinges on a neighbour, there must be a right of objection.

Promotion of development then, but not at any price. It is where the limits of development are fluid, where the rules of the game seem to be fuzzy, that the planning arguments start.

Appeals lengthen the planning process. "Where you have a government declaring itself as encouraging (to development) and local authorities not so sympathetic—when we see this great divide—we must advise our clients to appeal," says Mr Mercer. And the Government itself, in its latest White Paper, admits as much: "In so far as increased rates of refusal of planning applications by local planning authorities reflect changes of policy on the part of those authorities, an increase in appeals allowed is to be expected." Developers failing to get what they want at local level appeal at the central government level.

Powers used to overrule local authorities

What has manifestly happened is that the Government has failed to make its policy stick on the local authorities. Local planners are supposed to operate within Government guidelines set out in circulars. During the 1980s there has been a series, all directed towards the broad philosophy of taking burdens off the back of business. Last year the local authorities were told that there should be a presumption in favour of economic development.

The Government has been caught here by two factors. The first is that many of the county and district plans have been drawn up over the years without taking into account the new edge in Government policy. The second is that central Government has to contend with local authorities of all political colours jealous of their power. Tensions are particularly high in the economically strong south. In the north, developers have noted, pretty well anything goes if it produces jobs.

Frustrated by what it sees as the inertia of the system, the Government has used its powers to overrule local authorities. It has, for example, rejected its own inspector's report coming out against housing development at Wickwar, near Bristol, and allowed the builder to go ahead. In another case, the inspector at a planning appeal in Stokenchurch said the national need for high technology industry overrode local planning policy.

But the Government has also gone round the system altogether, most notably by setting up what are in effect simplified planning zones. The establishment of development corporations with planning authority in London Docklands and Merseyside is to be extended to cities throughout the Midlands and North. Mr Nicholas Ridley, the Environment Secretary, makes no secret of his belief that this not only curbs recalcitrant local authorities but will help to relieve development pressure in the South-east; a regional policy, in other words.

Mr Ridley and Mr Waldegrave are struggling, however. They embody the governmental pressure for change but are held back by the competing consideration of protecting the environment, which is a sensitive issue among their own party's backbenchers. Although, as the chart shows, the claims of towns on agricultural land have markedly dropped, the Government still has to fend off demands from housebuilders and retail shopping developers for the Green Belt land which surrounds most British cities and try to siphon such projects back into the inner cities.

Whatever the planners might like to do, they are bound to get it wrong in the eyes of somebody. Mr Waldegrave notes in the public "a greater unwillingness to accept the advice of the powers-that-be on what needs to be done. Pressure groups will argue both against the route of a motorway and whether it is necessary at all. This is relatively new."

What is at issue here, and indeed in the wider context of economic development, is the role of the planning system at a time of radical change in the country at large. The system is a tool. Because the Government is finding that different bodies want to use it in different ways, it cannot itself get a firm enough grip to make the system do its bidding.

The Government, says Mr Lintell, is on a tightrope. "The system has got to allow for change, but change in this society needs to be evolutionary —this is a highly populated island."

** Planning: Appeals, Call-in and Major Public Inquiries; Cm 43; HMSO. £5.00.*

† The Future of Development Plans; Department of the Environment, Welsh Office; September 1986.

Man in the News

Olivier Roux

The only name to be mentioned

By David Lascelles and Lisa Wood

THE GUINNESS share dealing affair has become as murky as a glass of stout. But one of the few points of certainty is that it involves a high-flying young Frenchman by the name of Olivier Roux, whose youthful features are becoming daily more familiar to the British newspaper-reading and TV-watching public.

Mr Roux is Guinness's director of financial starategy and development. His name was first linked speculatively to the affair at the end of last year when news emerged of the Guinness connection with Ivan Boesky, the disgraced New York arbitrageur, and the company's possible involvement in an illegal scheme to buy its own shares.

This week, two official pronouncements from the embattled Guinness camp have left little doubt that he played a key part in the events now being investigated by the inspectors from the Department of Trade and Industry.

One was the statement from Guinness directors on Wednesday calling an emergency board meeting for next week. Pointedly, this said that directors had been briefing themselves on the affair through a series of meetings, "including meetings with Mr Olivier Roux." His was the only name mentioned.

The second was a letter from Kingsley Napley, Guinness's solicitors, demanding the return from the Henry Ansbacher merchant bank of the famous £7.6m "deposit" which Ansbacher used to buy Guinness shares.

The letter said that "Mr Roux intended that the money should be a deposit for two or three weeks, a month at the most." This carries the strong implication that he authorised the transfer of the money, and was a party to whatever plans there were for its use. Again, his was the only name mentioned.

Mr Roux, not surprisingly, has declined to be interviewed about his role because the matter is under official investigation. But Guinness's readiness to identify him so obviously with its problems inevitably leads to speculation that his will be the next head to roll.

Aged 36, and born in Marseilles, Mr Roux reached the high ground of business thanks to a sharp mind, a good dose of Gallic charm and some judicious job-hopping. After acquiring a degree in business studies in Paris, he started out in marketing with Esselte, the Swedish office equipment company, and in 1980 joined Bain & Co, the US management consultancy firm noted for its aversion to publicity. In 1981, he went on secondment to Guinness, shortly after Mr Ernest Saunders had taken over as chief executive to revive the brewing company's flagging fortunes.

In July 1984, he was elected to Guinness's board and became responsible for all the financial departments of the corporate office—a key job at a time when Guinness was gearing itself up for a big takeover spree upon which Roux embarked with vigour.

This was, none the less, a curious arrangement. To this day, Roux is not an employee of Guinness but of Bain. Guinness pays Bain a large fee for its services, which include the use of Roux, and Bain compensates him direct. Whether this is the best way to enforce corporate responsibility within a large public company like Guinness may well be an issue that arises from the affair.

Roux and Saunders made a good pair: Saunders, the visionary driving Guinness to greater glory, and Roux, the financial strategist who handled relations with the City and spun the deals

He, along with Saunders, Roger Seelig from Morgan Grenfell and one or two others were members of Guinness's "inner cabinet" which masterminded the Distillers takeover.

It was a fearsome alliance, combining as it did one of Britain's most determined managements with the corporate finance department of the City's most aggressive merchant bank. And Roux, by all accounts, was far from being its most timid member. But it broke up in acrimony at Christmas as the share dealing affair boiled up, and Seelig has now resigned from Morgan, leaving Roux without his once closest ally.

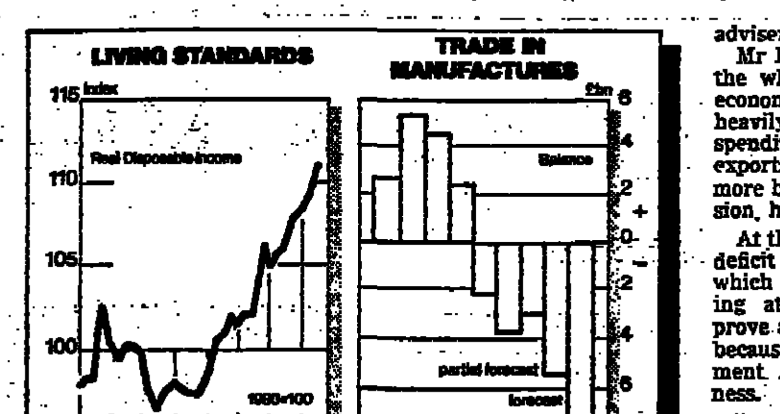
Last night's decision by Saunders to stand aside from his posts as chairman and chief executive at Guinness until the end of the DTI inquiry can only focus the limelight even more closely on Roux.

Roux cuts a misleading figure. His short stature and youthful appearance make him look like a precocious adolescent, well heeled and studious. But in conversation he is urbane and stylish, with flashes of humour, though when it comes down to hard negotiation, he is just that —hard. "One of those chaps I'd hate to play poker against," says one who has dealt with him.

He is said to be meticulous in the use of his time, both in his working and domestic life (he is married with one son and lives in Holland Park). Despite his zest for corporate affairs, he is precise about his hours at work and tries to ensure that he is back home in time to put his son to bed. He speaks English fluently, but has not completely shed traces of the born francophone.

As befits a Frenchmen with a German wife and a multi-national business background, his view of the corporate world is broad, rather like that of Saunders, it is uncluttered by British niceties or an excessive respect for convention. Roux would scrap Britain's tied pub system or move Guinness's headquarters to Tokyo if he thought that was best.

On the other hand, this has meant that he has not always been able to tune in exactly to the City's narrow wavelength: he was a user of the City rather than one of its creatures. And if Roux overstepped the mark in his handling of Guinness's financial affairs, this could be one of the reasons. Despite Big Bang and all the other changes in the Square Mile, the City still likes to know with whom it is dealing.



Pointers to an early election

By Philip Stephens

As the Labour Party made a determined attempt this week to shift the ground of pre-election campaigning towards the economy, the contrasts could not have been starker.

Official figures showing that living standards in Britain are rising faster than at any time for seven years were juxtaposed against further evidence of the widening north-south divide, caused by the loss of nearly 2m manufacturing jobs between 1979 and 1986.

A confident forecast from Mr Nigel Lawson, the Chancellor, of a year of strong economic growth was followed by an equally firm prediction from Mr Roy Hattersley, Labour's shadow Chancellor, of an impending balance of payments and sterling crisis.

A good deal of that, of course, was just politics. But the debate highlights the uncertainties over Britain's economic future following last year's collapse in world oil prices.

After an uncomfortable start to the week of the shadow Cabinet two-day strategy session, as most of Fleet Street seized on his plans to increase taxes on the rich (and Mr Lawson's promise to do the opposite), Mr Hattersley clearly felt he had found firmer ground.

His charge that there was a race between an economic crisis and a general election coincided with figures detailing the scale of job losses in Britain's poorer regions.

The Government, he predicted, would "cut and run" for a May or June election before more bad news persuaded the electors that the apparent upturn in Britain's economic fortunes was a mirage.

The Conservatives' response was that Labour is simply trying to talk the economy into *a crisis*; that its preoccupation with the balance of payments shows it is stuck in a 1970s "time-warp"; and that anyway the depreciation in the pound's value presents a marvellous opportunity for manufacturing industry and exports.

The crux of Labour's argument is that present trends in the economy—centred on rapid growth in personal incomes, a credit boom and surging imports—are unsustainable. The tax cuts anticipated in the Budget, now widely expected to be worth at least £2bn and perhaps £3bn, will compound the problem.

Sooner or later, Mr Hattersley argues, the "illusion" of economic revival will disintegrate in a crisis for the current account of the balance of payments and another wave of speculation against the pound.

That will force the Government to rein back public spending and to raise interest rates to defend sterling and prevent an acceleration in the pace of price rises. Labour's political calculation is that Mrs Thatcher will seek to ensure that that sort of remedial action comes after, not before, an election.

Meanwhile, however, she is said to be deliberately engineering a pre-election boom, fuelled by the relaxation of public spending controls in the Autumn Statement.

Last year's collapse in oil prices has deflated the North Sea cushion under the economy far faster than anyone expected. Manufacturing industry, which will have to fill most of the gap, has seen a £4.5bn surplus on its trade in 1981 swing into a deficit of £4bn in the first nine months of last year.

The surge in consumer spending, based on buoyant incomes for those in work and a credit explosion, has resulted in a surge in imports—the volume has been rising by an annual 13 per cent. For many consumer products, the growth rate has been nearer 20 per cent.

Mr Hattersley's presentation to the shadow cabinet was peppered with references to gloomy forecasts from the National Institute for Economic Research and the Paris-based Organisation for Economic Co-operation and Development.

Both of those organisations are forecasting that the current account surpluses of around £3bn, typical of the past few years, will be translated into a deficit of at least that amount in 1987 and into a larger gap in 1988.

Those concerns have been echoed in a spate of circulars from the City's leading economists. The US securities house, Goldman Sachs, headlined its New Year review of economic prospects: "Enjoy the 1987 *bonanza while it lasts.*" Alexanders, Laing & Cruikshank predicted "a return to stop-go."

Ironically, Labour believes that financial markets have so far accepted the gloomy prospects with equanimity because of the Conservatives' lead in the opinion polls.

In the City, the "economic risk" of a pre-election boom is outweighed by perception that there is little "political risk" of a Labour government. The presumption is that the Conservatives will "tighten up" again once they are return to office.

Mr Hattersley's "cut and run" calculation is based on his view that Mrs Thatcher cannot afford a revival of Labour's fortunes in the opinion polls. The political risk would then reinforce the economic risk, sparking another sterling crisis and a damaging rise in interest rates.

"The longer they leave it the more time they have for things to go wrong" is how one of *Labour's leading economic* advisers puts it.

Mr Lawson, of course, rejects the whole analysis. Although economic growth last year was heavily tilted towards consumer spending, a projected revival of exports this year will lead to a more balanced pattern of expansion, he argues.

At the same time the expected deficit on the current account—which the Treasury is forecasting at £1.5bn this year—will prove a temporary phenomenon because of the sharp improvement in Britain's competitiveness.

By comparison with West Germany, Britain's largest trading partner, manufacturing industry is now more competitive than for most of the past 20 years, Mr Lawson told the National Economic Development Council this week.

The inflation rate, though projected to rise *slightly*, is expected to remain well below 5 per cent. In parallel, the combination of faster growth in output and the expansion of the Government's special measures should bring further sizable falls in the official unemployment total.

Privately, Whitehall officials concede that policy has been relaxed, particularly over public spending. Some of the Treasury's senior economists have been cautioning the Chancellor against large tax cuts in the Budget in favour of reductions in public borrowing.

Despite recent more favourable signs, there is also concern that the competitive gains flowing from the pound's devaluation will be quickly eroded unless the pace of earnings growth slows. There is a widespread expectation in Whitehall that, without a significant downward shift in wages, a re-elected Conservative Government would tighten policy to prevent an acceleration of inflation.

If none of this, as Mr Lawson insists, adds up to an impending crisis, it does illustrate the economic case for an early election.

The Treasury's own forecasts suggest that the pace of increase in living standards will peak during the first half of this year. Although tax cuts will provide a boost, personal incomes will be squeezed by higher inflation and the expected downturn in earnings growth.

The latest rise in oil prices may give the Chancellor more cash for tax cuts but will also put up the price of petrol at the pumps. Meanwhile the perverse J-curve effects likely to follow sterling's depreciation could, temporarily, make the trade position look worse than it is.

Crisis or no crisis, if Mrs Thatcher makes her election judgment on the basis of the economic outlook, May or June *look the best months.*

A thaw at minus 15°C

Edward Mortimer, on his first visit to Moscow, finds surprising openness among Soviet citizens

ANY WESTERNER must feel diffident about a first visit to Moscow. So often one has been warned, even by people of quite un-Cold Warlike political views, that there is nothing like actually going there for getting a feel of the intrinsic unpleasantness (some would say "evil") of the Soviet system, as well as its endemic inefficiency. Not to mention the appalling climate.

Paying a mid-December visit, after nine months of desultory negotiation by telex had caused the postponement of the Channel 4 current affairs series I was going for, certainly prepared me for the worst. On the very day before *I* left, the trip had been all but cancelled on the pretext that another 10 days were required to process the visa applications of some of our crew (unless, of course, we were prepared to use a Soviet crew, at a suitable fee . . .)

Miraculously, the Soviet embassy in London was able to solve this problem within the day. The climate (−15°C on the day we arrive) more or less lived down to my expectations; but somehow, perhaps because they were so low, nothing else quite did.

Contrary to what I had been told, both soap and toilet paper were available in my hotel room. The hotel service did fall short of the highest Western standards (no room service, no food or drink of any sort available before 8 am) but was really quite tolerable by the Third World standards I had been told to apply.

Given only three days in the capital, shepherded much of the time by a representative of Gostelradio (the Soviet BBC), I obviously did not meet a representative cross-section of the Soviet people, let alone any oppressed minority. But I was struck by the absence of that *universal* gloom and dourness I had been led to expect. Most of the people I met were cheerful, friendly and polite. Some were even helpful. None seemed nervous about being seen or heard talking to a foreigner—as I have found true of people in, for instance, Iraq or South Yemen.

I must be careful not to exaggerate. No one in my hearing criticised Mr Gorbachev—though there was perhaps a hint of sarcasm in the waiter's tone when refusing our request for wine with lunch: "Two o'clock: Gorbachev time." All those with whom I could have any extended conversation, including the Channel 4 interviewees, were in some sense representatives of *the establishment*, and *strongly* committed to supporting the Gorbachev reforms.

What was striking was the explicitness and confidence with which they expressed themselves. They not only claimed to feel secure and confident about the Soviet Union's place in the world order: they actually sounded as if they were. None of them alluded directly to the astonishing reversal of styles that has occurred between the leaderships of the two superpowers, with vigour and decisiveness suddenly beaming out from the Kremlin while the White House appears elderly, fumbling and uncertain, but the psychological effect was clearly there.

A Soviet speaker now sounds more credible—including probably to himself—when he asserts with pride that his country has achieved "strategic parity" with the United States. He can even sound as if he believes himself when he proclaims his confidence that Soviet communism will once again become an attractive model for the rest of the world.

But most striking, to me, was the willingness of one senior foreign policy analyst — Mr Andrei Kokoshin, deputy director of the influential USA-Canada Institute—to make an explicit connection between these external developments and the need for an "almost revolutionary reform" in the internal Soviet system.

The 41-year-old Mr Kokoshin was not afraid, even on camera, to use the word "repressive" to describe the political system under which he grew up and made his career. Such a system had perhaps, he suggested, been necessary during a period of painful struggle when the country's security had been in doubt but it was not compatible with the new stage of economic and social development on which the country must now embark. For that "democratisation"—again, his own word — was essential.

On a less exalted level, what he said was borne out by the attitude of Pavel, the "guardian angel" provided for us by Gosteleradio. A highly educated and sophisticated man in his thirties, he clearly believed in the job he was trying to do — facilitating the production of sympathetic or at least objective Western television programmes about the Soviet Union — and was equally clearly frustrated by the way the system made it well nigh impossible.

He told us, for instance, that his organisation had been unable to arrange for the makers of the *Comrades* series to interview and record the Soviet jazz musician Kouderkhin (they eventually did so clandestinely), not because there was any political objection but because no regional or municipal music committee would acknowledge Kouderkhin as its employee and so no one could authorise the broadcast. In that case, I asked, why could not Gosteleradio approach him directly?

Pavel gave a rueful grin: "That's not the way things are done in this country."

The atmosphere reminded me of Spain at the end of the Franco regime. The society has clearly outgrown the political superstructure it has been supporting. The system remains restrictive and no doubt often very brutal, but the wholesale mass murder of Stalin's time seems as remote from the Moscow of today as the abject poverty and implacable violence of the civil war did from the Madrid of 1975.

As in Spain there is a new elite, both more aware and less afraid of what goes on in the outside world, and anxious, for its own sake and that of the country, that the nation should no longer appear conspicuously *more* backward or uncivilised than its main political and economic competitors. That elite is the audience to which Gorbachev is appealing, and for the moment it seems untroubled by any fear that he might fail and the old guard regain control. Not, of course, that it expects the Soviet Union to be transformed into a parliamentary democracy, but it does expect the Communist Party dictatorship to be exercised in a more liberal, enlightened, and above all more open manner.

On my last day I did have a brief encounter with the Russia I had been warned against—appropriately enough in Red Square. A policeman saw me pointing my camera at him, beckoned me over with a gruff "komm," motioned to open the camera, pulled out the film, exposed it and handed it back. Feeling rather foolish, I recounted the incident self-deprecatingly to Pavel, who had not been present but came to the airport to see us off. He expressed surprise and irritation. There was no law against photographing policemen. I tried to find extenuating circumstances. Perhaps, I said, the policeman thought I had been photographing the large black limousine on its way into the Kremlin, for which he had just been holding back the crowd. "So what?" said Pavel. Well, I said, presumably the car had someone quite important inside. "So what? You should have protested."

He knew, of course, that if I had protested I would have achieved nothing, except probably causing the whole party to miss the plane. But I think that *he* might have protested, had he been with me. He *was* with me the day before at the Foreign Ministry, when the release of Dr Andrei Sakharov was announced; and he clearly felt the day was past when a Soviet citizen had to regard an argument with a policeman as lost before it *started.*

Letters to the Editor

Short-term thinking

From Mr P. Ravenscroft

Sir,—I find it ripe that the Chancellor of the Exchequer in his interview (January 5) upbraids industry for its short-term attitude to investment in research, *etc*, when his Government is guilty of the most damaging example of short-term thinking seen for many a year.

I refer of course to the failure to take action to prevent the price of oil from sinking to catastrophic levels last summer. When even Norway was helping Opec to try to maintain the price of oil at a reasonable level, to avoid inhibiting exploration and bankrupting some small producers, his Government, its eyes fixed on the retail price index for the next month or two, was helping to drive the price down.

The medium-term result is unemployment in and in some cases destruction of our expertise in services to the *oil* industry, built up over recent years; and the long-term result, longer than the life of the Government, will be inevitably a rebound of the price of oil to the high levels which cause such pain to industry, since exploration has almost stopped and as the presently developed fields run out.

P. F. Ravenscroft.
Oakwoods Farmhouse,
Sborne, Alton,
Hants.

Nuclear power shutdown

From Mr G. Watts

Sir,—I am grateful to Mr James McGuire of the South of Scotland Electricity Board (December 23) and others who fully endorse the use of simulators for the training of nuclear reactor operatives — my letter of December 16.

The cost of a simulator at £4m for a £1bn nuclear station seems very modest, especially if the training and testing can reassure the public of the safety of the reactors.

It is reassuring that the CEGB reactors shut down automatically (by gravity?) but what happens when control rods jam—instruments give faulty readings (Three Mile Island)—fatigue, corrosion, erosion and vibration all play their part; reactors are up-rated or someone simply switches off the automatic shut down (Chernobyl)? It will be the human element which causes a disaster however comprehensive the safety devices. How many current operatives have shut down a nuclear reactor in an emergency?

As nuclear power is very much here to stay (France 80 per cent, Belgium 60 per cent) and the effects of radiation know no international boundaries some international licensing of operatives is required.

To demonstrate to an international regulatory body the ability to unload safely and almost instantaneously, reactors producing 1,000 megawatt equivalent to 1.3m horsepower, when something has gone wrong but you are not sure exactly what it is, I suggest is very desirable.

G. A. H. Watts.
Stroat House, Stroat,
Chepstow, Gwent.

Commission and selling

From Mr P. Hayes

Sir,—Perhaps understandably the Consumers' Association's light does not shine its brightest when focused on the life assurance and unit trust industries—although it certainly does not seek to hide it behind a bushel! I read (December 27) that the Consumers' Association has made some unhelpful remarks about a most complex industry currently going through an enormous unheaval. According to the article, the Association is reported as regarding current levels of commission as already too onerous. The Consumers' Association and your readers *should know that commisssion* paid by unit trust groups to intermediaries has not been increased since 1974. From my experience, the only other thing which has stayed at the same price is the cost of a sparking-plug. That is a tangible product, like a washing machine or an electric fire, and comparing various makes the one with the other, is something at which the Consumers' Association is quite good. Where it comes unstuck is in attempting the same exercise with a service, and essentially retailing unit trusts and life assurance products is providing a service, although the distinction will be one that the Consumers' Association will find hard to understand, as you cannot actually plug a unit trust into a wall socket and electrocute yourself. If you did, however, any life assurance policy, good or bad, would then be well worth having...

Amazingly, the article said that the Consumers' Association would like to see "improved selling techniques" (by intermediaries) and believes that the best way to achieve this, to a desirable objective, is to limit intermediaries' commission. Those intermediaries of whom everyone should be concerned lack little in selling techniques — the last thing needed is to improve them!

The article stated that the Consumers' Association would be concerned if company representatives were paid a different level of commission than independent intermediaries. This, I thought the most astonishing comment of all, as I would be very concerned if company representatives were paid anything like that paid to independents who have to research all companies' products/services and select the right ones for each client, with no "head office" to back them up. Representing one company and being judged entirely on how many of its products/services you can sell and running an independent brokerage are entirely different functions.

The costs of one are almost negligible because most such representatives work from home and the costs of the independant broker are enormous and not helped by organisations like the Consumers' Association putting doubts into people's minds about the advice given to them by intermediaries. If the Consumers' Association were able to identify good intermediaries from bad, it would be performing a useful function, but, save in obvious areas such as honesty, nobody has yet been able to do that.

I would like very much to know the mark-up on all the tangible products which I buy if I and others in my profession are to be obliged to disclose what we make to our clients. The Consumers' Association would perform a useful function if it could do that.

Peter Hayes.
Plan Invest Group,
9 King Edward Street,
Macclesfield,
Cheshire.

The price of milk

From the Chairman's Special Adviser, Milk Marketing Board

Sir,—The letter from Dr Pool on milk pricing (January 3) contained a number of errors. May I in particular point out that the MMB has no power to fix or raise prices. Wholesale prices are the outcome of negotiations between the MMB and the Dairy Trade Federation which represents all first hand buyers of milk. The retail price of a pinta is a matter for each individual dairy to decide. A recent survey showed the average price at which milk sells in shops in this country to be among the lowest in Europe.

Peter Jackson,
Thames Ditton, Surrey.

Air traffic control

From Councillor F. Seely

Sir,—Hurrah! Hurrah! At long last the truth—Mr Roderick Powrie's letter of December 30. Not a moment too soon before more of the countryside is ravaged under the pretence of planning and no account taken of the realities of life.

In all the verbiage stressing the need for further London airport expansion, there has never been any reference to the capabilities of air traffic control to handle the forecast increased air traffic. One does not need to have to be an expert to appreciate that all aircraft movement in the air, and certainly in the immediate surroundings of an airport, requires a certain volume of space, ie vertical and horizontal separation. Now I submit that already the volume of airspace available around the London airports, including Luton and Stansted, is approaching capacity and, if there are adverse weather conditions or in fact problems on airport runways which restrict take-off and landing, traffic jams already occur and flights are delayed. I have experienced such delays on several occasions when returning from the United States to the UK, when take-off was delayed due to the fact that the scheduled arrival time would have occurred at a time of serious congestion in the approaches to Heathrow. It is also not unknown for departures from Continental airports to be delayed due to similar reasons or "the late arrival of the incoming aircraft." I cannot believe that in the majority of such cases this is due to faults on the aircraft: if this were to be the case, then it does not say much for the maintenance procedures of any of the airlines.

If there is now to be further expansion of the airports in the London area, including Luton, then in spite of the fact that the interested parties will claim that there will be bigger aircraft available hence fewer aircraft movements, which I also think is bunkum. I can foresee thousands of passengers for whom the expansion has been created having to spend more time waiting for the aircraft to take off or land than actually flying.

I just cannot believe that the entire United Kingdom population must of necessity leave the country by air from Heathrow or other London airports. It seems nonsensical that Manchester airport was not given the opportunity to expand and cater for the northern part of the country, if not a further expansion at one or other of the Scottish airports.

I can only express the hope that the populations around the London airports will at long last realise that they are being conned and that, unless there is strong reaction at all levels, thousands will suffer through all the problems that airports bring.

Before comment is made with tear-stained eyes about the relief of unemployment which airport expansion brings, I fail to see why this relief cannot be provided in the northern parts of the country where, surely, it is more needed than in the south.

I, for one, with a modicum of responsibility to the electorate of Hertfordshire, am not convinced that further expansion of airports in the London area is required. I must stress that these are personal views and not necessarily those of the county council as such.

F. Seely.
20 Rambling Way,
Potten End, Berkhamsted,
Herts.

Caviar for the general public

From Mr P. Ellerton.

Sir,—I can only conclude that Mr Paton (December 31) is not familiar with either the geography or the organisation at London airport. May I be *allowed to fill* the gap in his knowledge?

By walking with his caviar straight from the departure lounge to the inbound customs/immigration, there is no need to visit any departure gate and it follows that none of the bodies referred to by Mr Paton would be alerted. If the authorities are not happy with this state of affairs they would, years ago, have insulated incoming from outgoing passengers.

P. M. K. Ellerton.
Old Vicarage,
Lewknor, Oxfordshire.

Dancing under the bridge

From Mr L. Wood.

Sir,—In your Weekend Supplement of December 27 Anthony Curtis gave a charming little picture of Avignon, but why under the title of Sur le Pont? It never has been possible to dance on the bridge, especially en ronde; the dancing took place on a shoal sous le pont.

L. J. Cardew-Wood,
Rook's Nest,
Rookery Farmhouse,
Calne, Wilts.

UK COMPANY NEWS

Allied Lyons in £48.5m deal for Scottish brewer

BY LISA WOOD

Allied Lyons, the brewing and food group, is to acquire Drybrough, a Scottish brewery with 187 public houses, from Watney Mann and Truman, the brewing subsidiary of Grand Metropolitan, for £48.5m cash.

The acquisition, said Allied, Britain's second biggest brewer, would give it a more competitive position in Scotland and the North East where the market is dominated by Bass, Britain's biggest brewer, and Scottish and Newcastle Breweries.

Previous to the acquisition, Allied, with more than 200 public houses in the region, had about 8 per cent of sales in the area while Watney, through Drybrough, had about 7 per cent. Both market shares were considerably lower than both brewers' sales in the UK generally.

Mr Richard Martin, chairman and chief executive of Allied Breweries, the brewing subsidiary of Allied Lyons, said: "This acquisition will give us about 14 per cent of the Scottish market and one-third of the tied houses in the area. We shall be a very credible force with a critical mass that will enable us to expand from that base."

Allied is to close the Drybrough brewery and transfer production to its Alloa brewery in Scotland where there is spare capacity. Most of the Drybrough brands, except Drybrough Heavy, will be discontinued with Allied introducing its own brands into Drybrough's public houses. These include Skol and Castlemaine lagers.

Grand Metropolitan said: "Drybrough currently holds a 7 per cent share in Scotland which is inadequate to justify the costs involved in advancing in a market dominated by two major competitors. "It said it had considered a number of options in seeking to create a viable third force in Scotland and the take-over of Dryborough by Allied had emerged as the preferred solution to both parties.

Drybrough, with a book value of just under £30m contributed about £4m to Grand Metropolitan's profits in 1986 on turnover of £45m.

Grand Metropolitan, whose beer brands include Foster's, Budweiser and Webster's Yorkshire Bitter, has, like several other brewers, been rationalising its brewing division and strengthening its retailing activities. Recent disposals include the group's Continental breweries, the sale of Watney Mann & Truman Maltings and the closure of the Manchester brewery.

Allied Lyons, which last year was the bid target of Elders IXL before it purchased Courage, the brewer, has also been cutting costs and concentrating on strengthening lager sales with brands including Skol and Castlemaine XXXX.

Mr Daniel Leaf, of Wood Mackenzie, the stockbroker, said the acquisition would enlarge the number of Allied outlets in Scotland. However, he was unconvinced that Allied would be able successfully to challenge the dominance of Scottish and Newcastle and Bass, which both had strong brands in Scotland and sales strength in the region's important free trade public houses.

The £48.5m cash consideration will be met by the placing of 14.28m Ordinary shares.

Westminster Press sale programme completed

By Raymond Snoddy

WESTMINSTER PRESS, the provincial newspaper subsidiary of Pearson, has completed a reorganisation which led to the sale of about 30 newspaper titles in seven printing centres.

The last of the programme of disposals was announced yesterday. Agreement has been reached to sell the Reporter Newspapers of Gravesend and the Kentish Times in Sidcup for £3.3m.

The papers are being bought by four senior members of the management of the Kentish Times with financial support from City institutions. In future the company will be called Kentish Newspapers.

The sale follows the disposal in September of the Middlesex County Press in Uxbridge for £3.5m in cash to two newspaper entrepreneurs Mr David Platt and Mr Garth Clark.

Since then, Middlesex County Press has announced it is closing its production departments with the loss of 198 jobs and plans to print the titles under contract.

The decision is an indication of the difficulties of running paid for local newspapers in suburban areas.

"The longer we looked the more apparent it was that this was the only way to turn the company around," said Mr Platt, Middlesex County Press managing director.

Mr Frank Barlow, chief executive of Westminster Press and chief executive of the Financial Times, decided to sell the group's suburban weeklies because of the relatively low and declining penetration rates, compared with the competing free newspapers.

Instead Westminster Press will in future concentrate on daily provincial papers and on county weeklies where there is a strong sense of local identity. Each centre will have an associated free newspaper.

As a result of the reorganisation, profits of Westminster Press were £8m in 1985 and are expected to be substantially higher for 1986.

After a period of selling off local newspapers, Westminster Press now intends to launch or acquire new publications.

English China increases Bryant offer to £187m

BY CLAY HARRIS

English China Clays yesterday put a £187m price tag on Bryant Holdings with an increased takeover offer that appeared to match the stock market's own valuation of the Midlands-based housebuilder and property developer.

The clays, quarrying and construction group unveiled a final nine-for-16 share offer, worth about 182p yesterday, and added a 180p cash or loan note alternative, an increase of 50p. Bryant's shares added 8½p to 179½p yesterday.

Bryant quickly rejected the new bid. It was below its asset value of 187p per share and failed to take account of the company's experienced and entreprenuerial management.

EEC said last night that an associate had bought more than 15.3m Bryant shares to raise to 17.8 per cent the total held or for which acceptances had been received.

Bryant said that more than 26 per cent of its shares were committed to reject the offer. Most of those are controlled by directors and the Bryant family, but the company's pension fund bought 875,000 shares and Robert Fleming, its merchant bank, bought 825,000 on Wednesday and Thursday.

ECC said that the offer reflected its assessment of Bryant's assets and the profit figures that were not available when the bid was launched in November. It questioned Bryant's revaluation from £72m to £182m of its land held for development because of the number of valuers involved.

Sir Alan Dalton, chairman, said that ECC would be able to achieve Bryant's own profit and dividend forecasts. ECC shareholders would not suffer any significant dilution.

EEC again signalled its intention to dispose of Bryant's property development activities, although Mr John Reeve, construction managing director, emphasised that would be no "fire sale."

Bryant claimed that the company stood to lose many speicalist staff if ECC took over. Mr Chris Bryant, chairman, said "Our view is that they're buying us for that land bank and writing the rest of the company off."

"We don't regard this bid as something that has knocked us back or knocked us out," Mr Richard Templeton of Fleming said. Although Bryant no longer regarded the offer as dersiory, it hoped to be able to persuade shareholders to stay with the company in the period before the ECC offer closed on January 27.

ECC raised its offer for Bryant preference shares to 125p in cash or loan notes, redeemable in 1988-90 and paying a rate 1 point below Libor.

See Lex

Foseco to dispose of US subsidiary

By Charles Batchelor

Foseco Minsep, which mkes special chemicals for he foundry and chemical inustries, has joined the growng list of UK companies to decde to dispose of a recetly acquired subsidiary in the US.

Forseco has put up for sle Gibson-Homans Company which it acquired just over two yers ago for $46.6m (—£32m) in cah. It appears unlikely that Foseco will recoup the purchse price.

The reason for the sale is tat Gibson will not achieve the expected level of profitability in the medium-term, Foseco said. Gibson made a pre-tax profit of $1.9m on turnover of $35.9m in the first half of 1984, the last complete reporting period before it was acquired.

The decision to sell Gibson followed a review of the UK group's operations begun following the appointment of Mr Bob Jordan as managing director last April. Two or three other Foseco companies will also be put up for sale later, the company said yesterday.

Foseco disappointed the stock market last October when it announced a £4.5m decline in pre-tax profits to £13.2m in the first half of 1986. The company has been the subject of bid speculation for some time.

Gibson supplies coatings, sealants and adhesives to the retail DIY market and has annual turnover of £70m. It is making a profit at the trading level but it is not covering Foseco's interest costs arising from the borrowings made to finance the acquisition, Mr Tony Chubb, the chairman, said.

Foseco will retain its construction chemicals business in the US which has annual sales of about $35m. This business had been developed as a division of Gibson but had a distinctive customer and product base.

Sedgwick pays £11m cash for Dallas agent

By Nick Bunker, Insurance Correspondent

Sedgwick Group, the UK's biggest quoted insurance broker, has paid $16.5m (£11.2m) cash to buy Arthur L. Owen, a Dallas, Texas insurance agent. The acquisition is being made via Fred S. James, Sedgwick's North American retail operating unit.

With 70 employees, Owen is the biggest independent broker in Dallas and the 69th largest insurance agent in the US. It is a retail broker with expertise in energy, oil, gas and real estate risks.

Mr George Hilton, Sedgwick Group secretary, said the deal was aimed at extending into Texas the US retail broking network formed in August 1985, when Fred S. James was acquired from TransAmerica Corporation.

Owen has net tangible assets of $600,000 (£400,000). It made pre-tax profits in 1986 of $1.9m (£1.3m) and revenues of $6.5m (£4.4m).

Date set for decision on Bremner chairmanship

BY CHARLES BATCHELOR

THE ROW which has blown up between Bremner, the controversial property group headed by Mr Jim Rowland-Jones, and City & Westminster Financial, the corporate finance house with which it planned to merge, will come to a head at a shareholders' meeting on March 17.

Mr Andrew Greystoke, who heads CWF, is attempting to remove Mr Rowland-Jones and two other directors and instal himself and four associates in their place. A motion tabled by Malaga Investments, a company controlled by Mr Greystoke, will be put to the meeting.

Mr Rowland-Jones said in a letter to shareholders he had set the date for the meeting to give holders of 880,000 convertible loan stock certificates in Bremner time to convert to ordinary shares. This would increase the Bremner board's voting strength since most of the certificates are owned by directors, principally Mr Rowland-Jones himself.

However Sir Hugh Fraser, a former director of Bremner, said yesterday he had sold 500,000 shares to Mr Clapham, who was backing Mr Greystoke, at 75p per share. Sir Hugh said he had offered to sell 250,000 of his remaining 400,000 share holding at the same price to institutions friendly to Mr Greystoke.

Mr Rowland-Jones was ousted as chairman of Bremner at the last annual meeting in August but was immediately co-opted back on as chairman by the other directors.

Bremner pulled out of merger talks with CWF last month because, it said, net asset value of CWF was only £342,000 and not the £600,000 it had expected. This would have made the terms of the merger too favourable to CWF shareholders.

B & C gets Tamween backing

BY CHARLES BATCHELOR

British & Commonwealth Holdings, the financial services and transport group, has won the backing of Tamween Holdings, a private investment company, to its £90m agreed takeover bid for Steel Brothers Holdings, trading and quarrying group.

Tamween, which owns 25.23 per cent of Steel had been holding out for a higher offer.

Several weeks of negotiations failed to persuade B&C to increase its offer but the recent rise in the value of B&C's shares meant there was an automatic increase in the value of its share offer.

When B&C launched its agreed bid on November 14 its two-for-one offer valued Steel at 636p per share. By this week however the offer was worth 660p per share. There is a 630p cash alternative.

"The share price came to meet us," Mr Keith Hamer, a Tamween executive said. If the B&C shares had not risen however, Tamween could have held out for an improved offer, he added.

Four institutions had withheld their acceptance to the B&C bid to await the outcome of Tamween's resistance but they too had been persuaded to accept the offer by the rise in the shares, Mr Hamer said.

The holders of Steel's preference shares, notably The Target Group, has wrung a small improvement in the preference offer in return for their backing.

B&C was persuaded to increase its offer for the second preference shares from 100p to 115p per share and for the third preference shares from 105p to 125p per share, an increase of a total of £70,000 in the value of its bid.

B&C declared its offer unconditional earlier this month but if Tamween had continued to refuse to accept it would not have been able to buy in compulsorily outstanding minority shares and been prevented from obtaining the full tax benefits of the acquisition.

MSCC rejects Highams' victory claims

Manchester Ship Canal Company last night formally rejected claims of victory by Highams, the Lancashire textiles group, in its takeover bid for the company, and said that the bid is still deadlocked for important technical reasons.

Highams, which is privately owned by Mr John Whittaker, the property developer, now claims more than 50 per cent of exercisable votes by virtue of breaking up some of its holding into 100-share packets, which are favoured by a weighted voting structure.

However, Mr Nicholas Berry, MSCC chairman, said last night that irrespective of the extent to which the two sides now broke down their holdings in a voting-power showdown, the nature of Highams' holdings would prevent Mr Whittaker taking control.

Highams now has more than 70 per cent of the preference shares in the company but only one-third of the ordinary shares. Both types of share carry equal voting weight at a general meeting.

Mr Berry said: "A capital reconstruction to release the value of the preference shares depends on the agreement of both classes of shareholder and probably an amendment to the legislation governing the company. To do anything that will affect the ordinary shares he has to have 75 per cent of them."

Key independent shareholders are opposing the bid. These include amongst others Globe Investment Trust, the Carroll group and Harrap.

Near £6m offer for ERIC

By Nikki Tait

Govett Strategic Investmen Trust, the former Border an Southern Stockholders Inves ment Trust managed by Joh Govett, is making a £5.94m off for Energy Recovery Inve ment Corporation, the Luxe bourg-registered oil and s investment company.

Govett's offer as bn prompted by its recent mark purchases of ERIC shas. These have taken its ste from the low-30 per cent lel following ERIC's autumn rigts issue to 43.01 per cet.

ERIC's luxembourg bse means that it is not subjecto the Takeover Code, and Gott is not obliged to bid for the utstanding shares. Howeer, ERIC shares also trade uner Rule 535 (3) in London, may of its shareholders are K-based and Govett says it ft a full bid was required.

It is offering 170.25p for every $1.50 ordinary RIC share—the same price at wch the bulk of its purchases ere made.

Standard Securities bid talks terminated

BY NIKKI TAIT

THE Christmas week approach to Standard Securities, the property investment company, has proved abortive.

Standard said yesterday that discussions "have been discontinued with an overseas company which had proposed to acquire a majority of the equity by making a significant subscription of new capital and a general offer for the existing share capital."

The potential bidder, adds Standard, has "now decided to re-assess its plans for expansion of its investment activities into the UK." Talks had, apparently, reached a fairly advanced stage and Standard's major institutional shareholders were agreeable in principle.

The interest was widely believed to come from the growing ranks of Antipodean companies keen to build up stakes in London. The rumoured favourites included Apex Group, a New Zealand company headed by Mr Graham Hamilton which unsuccessfully sought a stake in Property Holdings and Investment Trust last autumn, and Rainbow Corporation, another acquisitive New Zealand company.

Yesterday Standard said that the deal had been a "one-off" and it was not looking for another partner or capital injection. Its shares lost 40p at 190p on the news.

Fothergill bid

SINCE no decision has yet been announced as to whether the £28m offer by Courtaulds for Lancashire-based advanced and insulation materials manufacturer Fothergill and Harvey will be referred to the Monopolies and Mergers Commission, the Takeover Panel has ruled that "day 39" in the bid will be put back to two days after that announcement. Days 46 and 60 will be similarly extended.

Smith New Court settles directors' reward package

Smith New Court, Stock Exchange securities dealer, has cleared up its embarrassing legal difficulties over a financial reward package for five directors.

Smith had to admit two weeks ago that it might have broken company law in helping them buy expensive homes without first asking shareholders' approval.

At an extraordinary general meeting yesterday, shareholders passed two board resolutions aimed at resolving the problem.

It arose because in 1985 Smith New Court or a subsidiary company had assisted the five men in buying expensive homes worth up to £278,000. Smith New Court had paid between £70,000 and £75,000 in the case of each property.

Smith New Court regarded the deal as the equivalent of subsidised mortgages offered by many financial institutions to their securities staff. But it required shareholders' consent under the 1985 Companies Act.

Yesterday's resolutions mean that the five directors will now have to buy from Smith New Court the share it acquired in their properties, on terms which ensure they make no gain from the transaction.

Ibstock lifts stake in Eucalyptus to 43%

Ibstock Johnsen, the Leicester-based brick manufacturer, has increased its stake in Eucalyptus Pulp Mills, the Bahamas-based company which manufactures pulp from eucalyptus wood in Portugal, from 22.7 per cent to 42.6 per cent in a deal worth £6.67m.

Ibstock received special clearance from the Takeover Panel to up its stake on the grounds that three shareholders have controlled over 70 per cent of Eucalyptus Pulp since around 1971, that the deal represents a shuffling of the stake from one major holder to another and that Eucalyptus is a non-resident company.

Ibstock has bought 512,019 Eucalyptus shares from The Island and South American Merchants, which reduces the latter's stake in Eucalyptus from 28.14 per cent to 14.4 per cent, and 229,600 shares from Huthwaite Holdings, whose interest in Eucalyptus is cut from 19.59 per cent to 13.4 per cent.

Ibstock is paying for the 741,619 shares via a vendor placing of 3.3m new Ibstock shares at 195p a share, to raise £6.43m with the balance paid in cash.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§122	F.P.	2/1	153	135	‡Ashtead Group 10p	151	......	R3.0	3.5	2.8	4.4
‖	F.P.	30/1	67	65	‡Avesco (Reg) 1p	66	......	L0.5	6.6	1.1	5.9
§38	F.P.	28/11	47½	39	‡B.C.E. Hldgs 5p	46½	......	Rd1.0	3.0	3.3	5.2
¶	F.P.	—	27	24	Benson (SGB)	24	......	bd0.5	3.2	2.9	6.0
‖	F.P.	—	51	37	‡Border TV	47	−2	2.5	3.2	7.5	4.9
135	50	20/2	68	61	British Gas	66	......	w6.5	2.1	6.3	8.9
§65	F.P.	8/1	71	63	‡Cap & Reg Prop 10p	71	+1	—	—	—	5.8
175	F.P.	20/1	198	173	Fletcher King 10p	175	......	R4.5	2.5	3.6	5.3
§94	F.P.	6/1	110	107	‡Gaynor Group 10p	109	......	L2.67	2.8	3.5	4.7
§95	F.P.	19/1	109	105	‡Halls Homes&Gdns 5p	109	......	R2.77	2.7	3.6	2.0
§23	F.P.	5/1	28	24	Harmony Leisure 5p	28	+1	10.1	12.4	0.5	2.5
§100	F.P.	14/1	121	100	‡Hornby Group 5p	103	......	R3.195	2.8	4.4	1.7
§128	F.P.	30/1	151	146	Huskyan Group 5p	151	+1	u1.6	5.6	1.5	6.9
§150	F.P.	21/1	170	158	‡Johnson Fry 10p	160	......	B3.72	3.1	3.3	4.7
§65	F.P.	21/1	67½	65	Logitek 5p	67	+1	r1.8	3.8	3.8	1.8
§144	F.P.	23/1	149	144½	MIL Research 5p	147	+1	R3.0	3.4	2.9	4.2
§102	F.P.	—	113	104	‡Mayborn Group 5p	113	+9	R3.2	3.0	4.0	1.7
150	75	—	78	76	Mezzanine Tst. Inc.	76	......	t13.0	—	24.1	—
50	F.P.	—	53	51	Do. Capital 50p	51	......	—	—	—	—
§105	F.P.	19/12	105	94½	Miss Sam 10p	96½	+1½	u3.91	2.4	5.7	0.2
§152	F.P.	23/1	158	152	Nobo Group 10p	153	......	r4.75	2.8	4.4	1.6
§60	F.P.	8/1	96	80	‡Northumbrian Foods 5p	87	+1	r1.7	2.5	2.8	8.4
170	F.P.	19/12	251	193	‡Spandex 10p	246	+2	u3.0	2.7	1.7	0.9
§135	F.P.	9/1	143	138	Sumit £1	138	......	u3.5	1.7	3.6	—
70	F.P.	9/1	113	90	‡TSB Channel Islands	109	−1	R3.92	3.7	4.5	7.6
§112	F.P	8/1	122	119	‡Tribble Harris $0.01	122	......	rq3.6c	2.8	2.0	7.9
§135	F.P	29/1	150	138	Widing Office 10p	151	+1	u3.25	2.3	3.0	9.9
**	F.P	—	96	87	Yeoman Inv. Cap. 1p	94	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
¶	F.P.	—	107¾p	101p	Brit&Commonwealth7¾%Cv.Sub.Un.Ln.2000	106¼p	[illegible]
§110p	F.P.	—	110p	110p	Great Western Res. Ser. 'B' Prf. $0.01	110p	......
§100	F.P.	—	103p	99½p	Hanover Druce 6¾% Cnv. Cum. Red. Prf. £1	103p	......
—	F.P.	—	105p	101p	Intl City Hldgs 8½% Cnv Cum Red Prf £1	105p	......
‖	Nil	3/2	6pm	2pm	Leisure Invs. 7% Cum. Cnv. Red. Prf. £1	2pm	[illegible]
101.61	£10	19/3	12¾	11½	Mid-Kent Water 8¾% Red Prf. 1997	12¾	......
§100	£50	15/5	49½	41½	Mid-Sussex Water 11% Red Deb 2012-16	45	......
—	F.P.	—	100¼	100	Nationwide 11⅛% Bds. 21/12/87	100¼	......
‖	Nil	20/2	6pm	3pm	Scarro Hldgs. 7¼% Cv. Cm. Rd. Prf. £1	6pm	[illegible]

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
58	Nil	18/2	20pm	20pm	Belhaven Brewery	20pm	......
143	Nil	20/2	36pm	12pm	Birmingham Mint	35pm	−1
100	Nil	13/2	25pm	13pm	‡Freshbake Foods 5p	25pm	+1
65	Nil	30/1	16pm	11pm	Marling Ind 10p	16pm	......
14	Nil	12/2	13pm	4½pm	Meston Bros 10p	13pm	......
5	Nil	10/2	1¾pm	1¾pm	‡New Court Natural Res.	1¾pm	......
66	Nil	20/2	9pm	2½pm	Parkdale Hldgs. 10p	2½pm	−1½
1½	Nil	6/2	2½pm	½pm	‡Property Trust 10p	2½pm	......
10	Nil	10/2	21½pm	10½pm	United Guarantee	20pm	......
—	Nil	—	11pm	7pm	Unitycorp Tst. Warrants	9pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡‡ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▇ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

Terry Dodsworth finds the chairman of ITT in confident mood

Araskog breaks the Geneen mould

MR RAND ARASKOG, chairman of ITT, took his engineering degree at West Point Military Academy, and he still has the neatly brushed-down appearance and the tight-lipped reserve of a career soldier. This week, however, in the wake of the agreement which will inject the American group's European telecommunications business into a joint venture run by CGE of France, his habitual discretion melted away to reveal a man who can drop superlatives with the best of them.

"I think," he says, "that we have concluded the most significant deal in telecommunications, and probably in industry, that the European Community has seen so far."

It is not hard to see why Mr Araskog has reacted with such overwhelming enthusiasm to the deal. At a personal level, the accord has unquestionably rescued his reputation on Wall Street, where ITT's stock is now trading near an all-time high after a period of deep disenchantment. Only two years ago, after the group was forced to cut its dividend, it was being openly lined up for a bid by some of the US's most aggressive takeover predators, and Mr Araskog's tenure in his job was looking extremely shaky.

On a broader plane, the creation of the new joint venture has established Mr Araskog's reputation as a strategist with the courage to grasp a flimsy opportunity and drive a hard bargain. The agreement represents a genuine *tour de force* in industrial negotiation, a breathtakingly radical piece of restructuring that would never have been pushed through without dogged determination, a touch of luck and extraordinary persistence.

The odds against achieving this breakthrough would not have appealed to many bookmakers at the beginning of the talks. Mr Araskog, for a start, was effectively negotiating with the company's old enemy — France — which in the previous few years had forced ITT to withdraw from its switch manufacturing activities in the country.

At the same time, he was deeply worried about leaks in an industry which has become so politicised that any indication of the discussions would have been likely to have caused an intervention by other European countries; and the US group was also running into criticisms of its new System 12 digital telephone exchange equipment, a potentially explosive issue because of the frightening complexity and costs involved in developing such switches.

The odds against a deal were

Rand Araskog: ... a financial flexibility which we have never had before in my years as chairman.

to lengthen as the months went by. "What we didn't know when we started negotiations," says Mr Araskog, "was that Georges Pebereau (the suave former chairman of CGE) would be removed following the change of Government in France. We didn't know that we would be facing a different Government, and we had no way of forecasting that changes in the US tax structure would make it essential to finalise the deal before the end of the year."

To overcome these obstacles has taken marathon negotiations from the first contacts between the two companies 18 months ago. In the long period of secrecy up to June of last year, Mr Araskog met with Mr Pebereau 22 times, with talks breaking up in heated disagreement on at least three occasions before being put back on the rails again.

Since then, the negotiators have wrestled the agreement past an attempt by the new Conservative French Government to rejig terms, and steered it through complex government acquisition procedures across Europe. The ship finally came *home with a day to spare*, on December 30, saving ITT $200m which it would otherwise have lost under the new tax laws.

ITT's main achievement from the transaction is a sweeping reduction in its exposure to the European telecommunications equipment industry. True, the US company retains a 37 per cent stake in the joint venture —to be called Alcatel—and Mr Araskog has become chairman of the supervisory board. But Alcatel will unquestionably be run by CGE, with Mr Araskog's full approval.

"I have seen too many businesses in which two parties had a role in the management, and I don't think they work."

For Mr Araskog himself, this "retraction" from telecommunications—he refuses to call it a withdrawal—represents a radical change of strategy, so much so that many critics have been tempted to call it a defeat. The divestment leaves the group with three main divisions, one in financial services, another in insurance, and a third in components manufacturing. This is a far cry from the high technology company spearheaded by a powerful telecommunications company which he talked of creating when he became chairman seven years ago.

What has changed since then? Mostly, says Mr Araskog, the politics of the European telephone industry, which has made it increasingly difficult for an American-owned company to operate in the region.

In this sense, ITT has become a victim of the rapid change which is sweeping across the industry as it adapts to the accelerating pace of technology. In the old days of highly regulated markets and slow technological development, it was convenient for European governments to have ITT around to offer a little gentle competition to the local producer of switching equipment. But now that telecommunications is seen as a key element in national competitive strategy, ITT is less welcome.

It became a natural candidate for elimination in the struggle to reduce capacity, while its market was an equally obvious target for the national champions keen to expand.

Back in 1978, says Mr Araskog, he had an inkling of the difficulties to come when the Labour Government in Britain put up the idea of merging STC, ITT's UK subsidiary, with Plessey. The US group's French *interests had already come* under attack — they were all finally taken over or nationalised — and other European countries began to make similar moves behind the scenes.

In the face of this kind of pressure, ITT decided that its only hope of survival in telecommunications was to give the company a competitive edge through its technology. The deal with CGE is, in effect, an admission that this strategy, risky from the start because of the cost of developing new switches, was doomed over the longer term.

"About three years ago, we had the feeling of a gathering storm in Europe," says Mr Araskog, "and we began to look at ways of reducing our stake." One idea was to move to minority shareholdings, but that would have undermined the concept of an integrated research organisation on which ITT depends.

Another notion, explored briefly, was to expand through acquisition itself. But this also came to nothing, and all the time ITT was having to sink funds into its new switch, which was proving exceptionally difficult to develop. Mr Pebereau, full of ideas, optimistic, and determined to push CGE onto the world stage, must have dropped into the picture like a gift from the Gods.

The conclusion of the deal leaves Mr Araskog, at the age of 55, with a big opportunity and plenty of years to put his stamp on ITT before he goes. Up to now, he has laboured under the lengthy shadow cast by the mercurial Harold Geneen, the legendary conglomerator who built the group through acquisitions and left it saddled with the debts which have threatened to strangle Mr Araskog. To keep ITT afloat, his main strategy so far has been to undo much of what Mr Geneen created, progressively selling off bits and pieces which did not fit within the main service and manufacturing divisions which remain.

Things have now changed dramatically. With the $1bn or so of cash that has come in from CGE, a research budget that has been halved, and a balance sheet in which debt could well drop below 30 per cent of equity, ITT has, says Mr Araskog, achieved a "financial flexibility which we have never had before in my years as chairman." This leaves him with a golden opportunity to show that he can manage growth as well as contraction.

Turner in talks aimed at equity injection

By James Buchan in New York

TURNER Broadcasting Systems, the Atlanta cable and broadcasting group controlled by Mr Ted Turner, announced yesterday that it was holding talks with other cable operators about the possible injection of equity capital into the heavily indebted business.

Turner Broadcasting, which has seen its earnings vanish into crippling interest payments on debt taken on in last year's $1.6bn acquisition of MGM, said it is talking to a group of cable operators about "a possible material infusion of equity capital into the company." Although Turner warned that there was no assurance that the talks will produce a firm agreement, its share price—which has fallen by 50 per cent since last June —picked up $1⅛ to $16⅜.

In its third quarter to September, Turner reported a net loss of $44.3m, thanks to a $51m increase in interest payments attributable to the purchase of the MGM studio from Mr Kirk Kerkorian last March. The purchase was widely criticised in Wall Street as excessively expensive.

While Mr Turner is known to feel deeply about the company he built up and is said to want to maintain his control, he was saddled with extremely onerous terms in raising the $1.2bn in high-yield "junk" bonds to finance the MGM deal. If certain conditions are not met, he faces having to give up an equity stake of Mr Kerkorian.

Last autumn, Mr Turner sold almost all the assets of MGM, except the valuable library of films including such evergreens as Gone with the Wind and Casablanca, back to Mr Kerkorian and to Lorimar-Telepictures, the television film producer, for $460m.

BSN in Italian drinks move

BY ALAN FRIEDMAN IN MILAN AND DAVID HOUSEGO IN PARIS

BSN, the French foods group, and Ifil, a Turin-based holding company ofthe Agnelli family, are to acquire jointly a 51 per cent shareholding in Ferrarelle, the Italian mineral water business.

Ferrarelle has a share of around 20 per cent of the Italian mineral water market and BSN and Ifil are understood to be paying more than L50bn $38m) for the 51 per cent stake. It is believed that the two companies will end up holding roughly equal parts of the Ferrarelle shareholding.

Control of Ferrarelle is being sold by Sangemini Finanziaria, the holding company of the Violati family, which also has other mineral water interests in Italy. Ferrarelle's annual turnover is around L80bn, or just under a third of Sangemini's total turnover.

The BSN-Ifil acquisition of control of Ferrarelle fits into the French food group's strategy of expanding in the sector outside of France. BSN was hoping two years ago to acquire the Buitoni pasta and chocolates group, but was pipped at the post by Mr Carlo De Benedetti.

The acquisition marks an important extension of BSN's activities in Italy increasing its turnover there from FFr 2bn to FFr 2.8bn. The French food groups sees Italy as a growing market and one where it needs to compete with Mr De Benedetti's Buitoni group which has been making inroads into the French market.

BSN claimed last night that the bringing together of Evian, the flagship of its mineral water interests, and San Gemini would create the largest mineral water group in the world. Evian is France's main exporter of flat mineral water.

Before this deal BSN has been strengthening its dried food interest in Italy with the purchase last year of Ponte, the pasta and pre-cooked dishes group, which has since merged with its Italian Liebig subsidiary. Earlier this week BSN announced the acquisition of Angelo Ghigi, another Italian pasta manufacturer, for FFr 100m.

BSN is France's largest food group with a turnover of FFr 35bn.

Industrivaerden to acquire stake in Anders Nisses

BY SARA WEBB IN STOCKHOLM

INDUSTRIVAERDEN, the Swedish investment company, is planning to buy a stake in Anders Nisses, the Swedish real estate company, for SKr 245m ($36m) through its subsidiary Handus.

Industrivaerden has an option to acquire trading company Philipson Invest's shares in Anders Nisses before the end of 1987.

The option — which the company says it is "almost certain to take up" — is for a total of 733,210. A and B shares, representing 18.3 per cent of the share capital and 25 per cent of the votes in Anders Nisses.

Industrivaerden would pay SKr 334 a share, putting the value of the deal at SKr 245m.

This is Industrivaerden's second property deal in the space of a month. In December, it agreed to exchange part of its holding in JM, a real estate and construction company, for an 8 per cent voting stake in Skanska, the Swedish construction group. The deal was worth SKr 170m, and Skanska has an option to acquire further shares in JM from Indusrivaerden in March for SKr 536m.

Industrivaerden has since been hunting for a real estate substitute for JM and said it would consider eventually increasing its stake in Anders Nisses.

Anders Nisses forecast profits (after financial items) for 1986 of SKr 41m and estimates that its properties have a market value of SKr 1.8bn. About 80 per cent of the properties are in the Stockholm area where market values have risen by up to 30 per cent in the last year. The company hopes to expand in the Japanese real estate market

Brunei holding in MAS raised to 10%

By Wong Sulong in Kuala Lumpur

THE BRUNEI SULTANATE has purchased another 15m shares in Malaysian Airline System from the Malaysian Government, bringing its stake to 35m shares or 10 per cent of the airline.

A Malaysian finance ministry statement said the shares were purchased by the Brunei Investment Agency, but it did not give the price.

It said the increased Brunei stake would strengthen further the close relationship between the two countries and their respective airlines.

The oil-rich sultanate bought 20m MAS shares last October at 4.5 ringgit a share.

With the latest Brunei purchase, foreign ownership in MAS is believed to have exceeded 20 per cent.

The Malaysian Federal Government and other state agencies have 52 per cent

Plant closures planned by Caterpillar

BY NICK GARNETT

CATERPILLAR, the world's largest maker of earth-moving equipment, is expected to announce in the next few weeks that it is shutting some of its 30 manufacturing plants around the world.

The company, based at Peoria, Illinois is studying ways of significantly reducing its manufacturing floorspace, but it was quick to stress yesterday that no firm decisions had been made.

It said, however, that those decisions would be taken very soon and the workforces at the plants concerned would be informed first.

Caterpillar, which employs 54,000 people worldwide, embarked earlier this year on a $1bn programme to update its manufacturing and improve utilisation of its existing plants.

This followed an earlier cost-cutting drive in the early 1980s which involved the closure of six plants and a cut of 35,000 in Caterpillar's workforce, though still leaving production costs considerably above those of its major rivals, Komatsu of Japan.

It is thought that Caterpillar's operating board decided last month that to bring production capacity more into line with demand required more drastic measures than its already announced productivity drive within its existing structure of manufacturing facilities.

Caterpillar, whose products range from medium sized crawler tractors and backhoe loaders to 1,800 hp off-highway trucks, announced a third quarter loss of $2.6m in October.

Thos followed a statement in the previous month which revised downward its earnings outlook, though the company was still predicting an overall profit for the year.

The company blamed the more pessimistic picture on the weaker dollar, the impact of lower production schedules, a month long strike at one US plant, new labour contracts and the cost of its manufacturing improvement programme.

Caterpillar has 16 plants in the US and of the other 14, five are in Europe. The company confirmed yesterday that its plant near Glasgow, Scotland which manufactures the mid-weight D6 crawler tractor, was one of the plants under study.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986-87 High	1986-87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1245/265	—	$1200/1220	$1400/1450	$1150/1170
Antimony					
Free Market 99.6%	$2250/310	—	$2700/2760	$2720/2780	$2300/2750
Copper-Cash Grade A	£913.5	—	£974.5	£1028.5	£862.25
3 months Grade A	£936.25	+1.00	£1000.25	£1059.25	£881.25
Gold per oz	$404.25	+13.375	$340.75	$439.375	$327.5
Lead Cash	£329.5	−13.5	£285.75	£376.5	£233.5
3 months	£304.25	−8.25	£268.25	£337.5	£241.25
Nickel					
Free market	156/177c	—	185/205c	196/216c	156/177c
Palladium	$123.75	—	$103.25	$151.00	$95.25
Platinum per oz	$505.50	—	$364.25	$673.75	$342.50
Quicksilver (76 lbs)	$155/165	—	$220/240	$250/260	$115/125
Silver per oz	365.05p	—	420.95p	452.10p	317.70p
3 months per oz	374.70p	—	433.00p	466.20p	325.60
Tin					
Free market	£4,580/620	—	†	£5800/6250	£3,420/450
Tungsten Ind	$41.44	—	$66.92	$69.74	$41.44
Wolfram (22.04 lb)	$55/65	—	$53/61	$56/63	$32/42
Zinc cash	£530	—	£435.5	£632.5	£409
3 months	£524.25	—	£446.5	£621.75	£419.25
Producers	$870	—	$660/700	$920	$650/670
GRAINS					
Barley Futures Mar.	£112.85	—	£114.80	£118.80	£96.60
Maize French	£143.00	—	£141.75	£154.00	£130.00
WHEAT Futures Mar	£113.45	—	£116.20	£121.45	£98.30
SPICES					
Cloves	$3,800	—	$4800	$5,100	$3,900
Pepper white	$6,400	—	$6700	$6,725	$4,600
black	$4,800	—	$4400	$4,700	$3,600
OILS					
Coconut (Philippines)	$410y	—	$405	$470	$200
Palm Malayan	$330z	—	$350	$405	$197
SEEDS					
Copra (Philippines)	$250	—	$250	$290	$140
Soyabeans (U.S.)	$144	—	$229.75	$229.8	$137.5
OTHER COMMODITIES					
Cocoa Futures Mar	£1409.5	—	£1712	£1,804.5	£1,264.5
Coffee Futures Mar	£1648	—	£2884	£3,007.5	£1,631
Cotton Outlook A Index	65.10c	—	51.25c	65.10c	36.35c
Gas Oil Fut. Mar	$160	+6	$209.25	$232.75	$90.75
Jute UA BWC grade	$280	−10	$315	$320	$215
Rubber kilo	65.75p	—	67p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$151x	−2	$127	$222.5	$115
Tea (quality) kilo	175p	—	—	202p	175p
(low med) kilo	111p	—	—	136p	80p
Wooltops 64s Super	427p kilo	—	400p Kilo	439p kilo	387p kilo

† Unquoted. (g) Madagascar. (x) Jan-Feb. (w) Dec-Jan. (y) Feb-March (z) Feb.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	797-7.5	+1.75	797.5/795
3 months	803-3.5	+0.75	803.5/798

Official closing (am) Cash 795-9.5 (799-9.5), three months 801.5-2 (803.5-4), settlement 795.5 (799.5). Final Kerb close: 801.5-2.5. Turnover: 11,100 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	913-4	−5	915.5
3 months	936-6.5	−5	941/935.5

Official closing (am): Cash 915-5.5 (920.5-1), three months 937.5-8 (942.5-3), settlement 915.5 (921). Final Kerb close: 935.5-6.

Standard			
Cash	887-8	+1	—
3 months	912.5-3	−2.75	914/913

Official closing (am): Cash 887-90 (819-2), three months 913-4 (917-8), settlement 890 (892). US Producer prices 64.25-67.25 cents per pound. Total Turnover: 18,075 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	329-30	+12	331/330
3 months	304-4.5	+6.75	304/298

Official closing (am): Cash 330-1 (336-7), three months 303.5-4 (308-9), settlement 331 (337). Final Kerb close: 302-3. Turnover: 12,700 tonnes. US Spot: 24-29 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2325-35	+7.5	—
3 months	2380-5	—	2395/2375

Official closing (am): Cash 2,335-40 (2,330-5), three months 2,388-90 (2,399-01), settlement 2,340 (2,335). Final Kerb close: 2,380-85. Turnover: 570 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 17.32 (17.40) ringgit per kg. Down 0.8.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	529.5-30.5	−7.5	—
3 months	524.5-5	−6.25	530/517.5

Official closing (am): Cash 537-8 (538-9), three months 525-7 (530-1), settlement 538 (539). Final Kerb close: 518-18.5. Turnover: 17,300 tonnes. US Prime Western: 42-44.75 cents a pound.

GOLD

Gold rose $3 an ounce from Thursday's close in the London bullion market yesterday to finish at $404-404½. The metal opened at $402-402½ and traded between a low of $398¾-399 and a high of $404¾-405¼. Gold fell below the $400 level on selling in New York but this failed to attract any follow through liquidation and with platinum prices breaking through the $500 level so values recovered during the afternoon.

GOLD BULLION (fine ounce) Jan. 9		
Close	$404-404½	(£273¾-274¼)
Opening	$402-402½	(£272½-273)
M'n'g fix	$402.25	(£272.952)
Aft'n'n fix	$402.00	(£272.579)

GOLD AND PLATINUM COINS		
Am Eagle	$416-421	(£281½-285)
Mapleleaf	$414-418½	(£280¼-283¼)
Kr'g'r'ng	$402-405	(£272-274)
½ Krug	$205-206	(£138¾-139½)
¼ Krug	$103½-104½	(£70-70¾)
Angel	$413-416	(£279½-281½)
1/10 Angel	$40½-45¾	(£27½-31)
New Sov.	$94-97	(£63¾-65¾)
Old Sov.	$95½-97	(£64¾-65¾)
$20 Eagle	425-465	(£287¾-314¾)
Noble Plat	$521-515	(£352¾-359¼)

SILVER

Silver was fixed 3.5p an ounce lower for spot delivery in the London bullion market yesterday at 365.05p. US cent equivalents of the fixing levels were—Spot 538.8c, down 2.8c; three-month 546 6c, down 2.95c; six-month 554.5c, down 3c; and 12-month 570.4c, down 3.05c. The metal opened at 365½-387½p (539-541c) and closed at 368½-370½p (544-546c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	365.05p	−3.50	369p	+0.5
3 months	374.70p	−3.85	379p	+0.5
6 months	384.40p	−3.90	—	
12 months	403.70p	−4.20	—	

LME—Turnover: 12 (1) lots of 10,000 ozs.

INDICES

REUTERS

Jan. 9	Jan. 8	M'th ago	Year ago
1600.4	1594.2	1638.2	1860.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 8	Jan. 7	M'th ago	Year ago
Spot	114.16	115.00	—	132.16
Fut	115.73	115.49	—	137.13

(Base: December 31 1931=100)

SOYABEAN MEAL

	Y'stard'ys close	+ or —	Business done
	£ per tonne		
Feb	129.0-129.2	+0.15	130.0-129.0
April	127.8-128.5	−0.45	—
June	122.0-122.5	−0.50	123.0
August	121.0-121.5	−0.25	—
October	122.0-122.5	−0.25	—
Dec	124.8-125.5	+0.75	—
Feb	125.0-126.0	+0.25	—

Sales: 170 (101) lots of 20 tonnes.

COFFEE

COFFEE	Yesterday close	+ or —	Business Done
Jan	1662-1670	+21.0	1700-1649
Mar	1647-1649	+17.0	1680-1635
May	1665-1670	+13.5	1703-1660
July	1695-1700	+23.5	1707-1680
Sept	1720-1730	+23.5	1735-1720
Nov	1720-1740	—	1755-1750
Jan	1750-1760	+5.0	—

Sales: 3,737 (3,402) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for January 8: Comp daily 1979 121.11 (120.67): 15-day average 124.83 (125.42).

COCOA

After a quiet opening futures came under trade selling pressure and touched new six month lows before rallying on short-covering later in a lively session. The actuals market found light manufacturer offtake but the price levels aroused little interest on the producer side, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business Done
March	1383-1384	−5.0	1387-1378
May	1409-1410	−6.0	1413-1410
July	1436-1437	−3.0	1438-1438
Sept	1461-1462	−4.0	1465-1455
Dec	1489-1490	−2.5	1492-1485
March	1515-1520	−4.0	1518-1506
May	1534-1536	−3.5	1535-1529

Sales: 3,578 (2,563) lots of 10 tonnes.

ICCO indicator prices. Daily price for January 9: 89.15 (89.18): five-day average for January 12: 89.55 (90.09) US cents per pound. Daily price 1,598.90 (1,604.46): 10-day average 1,627.22 (1,631.17). SDR's per tonne.

POTATOES

Values opened £1 firmer, basis April, and found immediate buying interest on the back of a firmer Dutch quote and freezing conditions overnight. Long liquidation and profit-taking at the end of a bullish week saw values falling back, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	107.50	108.00	—
Apr	162.70	162.60	195.00-182.50
May	181.80	180.80	184.50-181.50
Nov	89.50	88.50	89.00-88.50
Feb	98.00	100.00	96.00

Sales: 1,834 (1,305) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market about unchanged, found some good buying orders and closed quietly steady, reports Lewis and Peat. Closing prices (buyers): Spot 65.75p (same), Feb 63.75p (same). March 64.00p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 228 (same) and SMR 20 206 (same).

FUTURES—Index 661, Feb 675-685, March 680-690, April-June 685-695, July-Sept 691-706. Sales: nil.

GRAINS

Old crop wheat found first trades on a slightly steadier note in line with buying interest noted in country markets. Despite announcements of Soviet interest to buy at least 2m tonnes of French wheat, the market struggled to rise, finding country selling interest to ease values. Switching interest was always a feature but a 100 lot broker cross represented much of the volume. Old crop barley was dominated by January/March switching at unchanged levels before finding modest shipper/broker long liquidation. New crop markets found little trade but again saw country hedge selling ease wheat values, reports T G. Roddick.

Mnth	WHEAT Yestrdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Jan	110.95	−0.10	110.65	−0.10
Mar	113.45	−0.05	112.85	−0.15
May	115.90	—	114.35	−0.05
July	118.00	−0.05	—	—
Sep	100.65	−0.05	100.15	—
Nov	102.65	−0.05	102.90	—
Jan	106.60	−0.10	105.85	—

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: Feb 105.00, March 105.75. US No 2 Soft Red Winter: Jan 103.75, Feb 105.75. French 11½-12 per cent: Jan 141 75. English feed, fob: Jan 115.50-116.00, Feb 116.50-117.00, March 117.50-118.00, April/June 118.50-119.00 buyer/sellers. Maize: US No 3 Yellow/French, transhipment east coast: Dec 143.00. Barley: English feed, fob: Jan 116.50-117.00 buyer/sellers English.

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 112.50, N. East 113.20, Scotland 110.90. The UK monetary coefficient for the week beginning Monday January 19 (based on HGCA calculations using 3 days' exchange rates) is expected to remain unchanged.

Business done—Wheat: Jan 111 20-1 00, March 113.60-3.40, May 115.95-5.80, July 118.05-8.00, Sept 100.70, Nov 102.70-2.65, Jan 105.60. Sales: 374 lots of 100 tonnes. Barley: Jan 110 75-10 65, March 113.00-2.85, May 114.40-4.35, Sept 100.15, Nov 102.90, Jan untraded. Sales: 111 lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $151.00 (£102.50), up $10.00 (up £6.50) a tonne for January- February delivery. White sugar $180.00, up $6.50.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
Mar	147.6-147.8	144.8-145.2	151.0-142.8
May	152.2-152.4	148.8-150.5	155.0-147.0
Aug	155.0-156.0	154.4-155.0	156.4-152.2
Oct	159.0-159.4	157.2-158.0	162.0-155.0
Dec	162.8-164.0	158.0-165.6	—
Mar	172.0-174.0	170.0-173.0	—
May	178.0-178.0	175.0-177.0	—

Sales: 2,749 (9,834) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £207.00 (£198 50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for January 8: Daily price 5.63 (5.27); 15-day average 5.43 (5.44).

OIL

	Latest	Change + or —
CRUDE OIL—FOB($ per barrel)—Feb.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.25-17.35	+0.10
Brent Blend	18.35-18.40	+0.05
W.T.I. (1pm est)	18.55-18.60	+0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	188-193	+8
Gas Oil	166-168	+3
Heavy fuel oil	105-107	+5
Naphtha	164-166	+3

Petroleum Argus estimates.

Refiner inquiry for late January-early February North Sea cargoes kept prices for prompt oil stable to firm. January Brent sold at $18.35 and Statfjord at $18 33. February WTI opened 12c down on Nymex, traded thinly within a 20c range during the morning and traded 1c up at 1.30 pm EST. In the petroleum products market all products were firm. Prompt positions showed a premium over forward positions on gas oil and naphtha. The rail strike in France kept gasoline prices strong—Petroleum Argus, London.

HEAVY FUEL OIL

Month	Yesterday close	+ or —	Business Done
	US $ per tonne		
Feb	106.00	+4.00	106.00-104.00
Mar	105.00	+4.50	103.00-102.00

Turnover: 135 (161) lots of 100 tonnes.

GAS OIL FUTURES

The market firmed on rumours of a Gulf/Japan rate of $14.00, but late profit-taking weakened prices after a very active day's trading, reports Clarkson Wolff.

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
Feb	164.25	+2.75	164.50-60.50
Mar	160.00	+2.25	160.50-56.50
Apr	155.00	+2.00	155.75-51.25
May	151.00	+0.75	152.00-48.00
June	147.50	−2.00	150.00-47.50

Turnover: 4,243 (8,110) lots of 100 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Jan.	790	810/790	788
April	810/811	835/810	818/819
July	690/695	705/695	694/695
Oct.	815	830/812	815/825
Jan.	800/840	—	830
Apr.	825/850	830	820
July	740	740	735
Oct.	820/850	—	830
BFI.	765.5	—	739.5

Turnover: 858 (950).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.42p per kg lw (−0.57). GB—Sheep 185.11p per kg est dcw (−36.88). GB—Pigs 72.33p per kg lw (−2.16).

US MARKETS

EXPIRY OF the February gold options prompted heavy long liquidation and commission house selling in gold futures, reports Drexel Burnham Lambert. However, good trade support around and below $400, basis February, led to local and commission house short-covering, rallying prices from the lows. Good short-covering in platinum futures helped the market break the $500 level, basis January and April, and in the technical move that followed, mixed buying in the face of light profit-taking saw prices rally to limit-up. Trade buying and fresh commission house buying in crude oil futures reflecting the continued advance in world oil prices, lifted the market to new highs in the face of profit-taking. Early commission house selling in copper futures saw prices test support levels, but a failure to penetrate them induced a recovery back to overhead resistance. Commission house buying in coffee futures touched off stops to push prices higher, but aggressive trade and producer price-fix selling reversed the move. Early commission house buying in cocoa futures reflected a mildly bullish US grind figure, but the market failed to make any headway, trading quietly for the rest of the day. A published report that the Cuban sugar crop was not developing well prompted heavy commission house buying in sugar futures.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Jan	52.15	—	—	52.30
Feb	52.30	—	—	52.45
March	52.45	52.65	52.25	52.60
May	52.55	52.55	52.55	52.50
July	52.65	52.70	52.55	52.50
Sept	52.70	—	—	52.50
Jan	53.10	—	—	52.90
March	53.25	—	—	53.05
May	53.35	—	—	53.15

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
March	1854	1869	1853	1857
May	1889	1904	1888	1894
July	1912	1924	1912	1917
Sept	1937	1945	1945	1942
Dec	1961	1975	1968	1986
March	1981	—	—	1986

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	132.97	136.90	132.50	134.02
May	134.47	137.50	134.00	135.62
July	135.89	138.50	135.75	136.50
Sept	137.63	139.50	138.00	138.25
Dec	139.25	141.00	140.50	139.63
March	140.50	141.63	141.63	139.63
May	141.00	—	—	139.63

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	61.05	—	—	61.10
Feb	61.30	—	—	61.35
March	61.70	61.75	61.15	61.75
May	62.25	62.30	61.75	62.30
July	62.65	62.65	62.20	62.70
Sept	63.00	62.95	62.60	63.05
Jan	63.75	—	—	63.80
March	64.15	64.00	64.00	64.20
May	64.45	—	—	64.50

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	57.87	58.30	57.11	57.38
May	57.30	57.85	56.82	57.10
July	57.05	57.50	56.76	57.18
Oct	56.42	56.80	56.15	56.50
Dec	55.90	56.50	55.80	56.26
March	56.25	56.60	56.50	56.72
May	56.75	—	—	56.87

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
Feb	18.77	18.77	18.42	18.57
March	18.75	18.75	18.38	18.56
April	18.56	18.56	18.25	18.40
May	18.34	18.37	18.02	18.21
June	18.12	18.15	17.87	18.04
July	18.03	18.03	17.70	17.91
August	17.93	17.97	17.80	17.79
Sept	17.65	—	—	17.68
Oct	17.83	17.83	17.50	17.57

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	53.10	53.10	51.30	51.99
March	52.90	52.90	51.00	51.63
April	51.15	51.25	49.80	50.14
May	49.60	49.60	48.40	48.74
June	48.35	48.40	47.60	48.04
July	48.55	48.55	47.40	48.14

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	406.0	—	—	402.3
Feb	407.5	408.0	399.0	403.9
March	409.1	407.7	407.7	405.5
April	411.2	412.0	403.2	407.6
June	414.6	415.0	403.0	411.0
August	418.0	417.2	418.0	414.4
Oct	421.3	420.6	420.6	417.7
Feb	428.7	426.0	422.0	425.2
June	436.1	428.0	428.0	432.6
Oct	421.3	420.6	420.6	417.7

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	121.50	123.25	120.50	123.85
March	123.10	124.80	121.00	125.30
May	123.90	126.00	122.50	126.60
July	124.85	125.70	123.50	127.20
Sept	125.65	125.55	125.00	128.25
Jan	127.10	—	—	129.36

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	520.9	524.5	493.0	494.9
March	522.9	526.0	520.0	—
April	523.8	523.8	493.0	498.8
July	527.3	527.3	498.0	502.3
Jan	535.3	535.3	525.0	510.3
April	540.3	—	—	515.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	549.5	—	—	540.4
Feb	551.7	—	—	542.7
March	554.5	555.0	540.0	545.5
May	560.0	581.0	546.0	551.0
July	565.2	564.0	553.5	556.2
Sept	570.8	561.5	561.5	562.0
Jan	582.6	—	—	573.8
March	588.5	585.5	581.0	579.7
May	594.7	—	—	585.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	6.63	6.78	6.33	6.43
May	6.86	6.98	6.55	6.67
July	7.02	7.10	6.70	6.83
Sept	7.25	7.25	6.83	6.85
Oct	7.20	7.28	6.92	7.04

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	57.72	57.97	57.45	57.62
April	57.72	58.15	57.60	57.57
June	55.37	57.35	54.82	57.10
Aug	55.76	55.90	55.65	55.77
Oct	54.40	54.85	54.40	54.47

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	47.27	48.35	47.17	48.62
April	42.60	43.65	42.50	43.80
June	45.35	46.35	45.10	46.47
July	45.22	46.25	45.17	46.42
Aug	43.17	44.25	43.10	44.07
April	38.72	39.00	38.70	39.10

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	156.8	157.2	154.6	156.2
May	163.6	164.2	161.6	162.2
July	168.0	168.4	165.6	166.6
Sept	171.2	172.4	168.6	171.0
Dec	175.2	175.4	172.4	174.6
March	183.2	183.2	180.4	180.0
May	186.4	186.4	183.0	186.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.52	67.20	65.52	67.52
March	64.27	65.85	64.27	66.27
May	64.65	66.20	64.65	65.65
July	62.42	64.55	62.35	64.20
Aug	60.50	62.30	60.50	62.50

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
Jan	494.0	494.6	491.6	494.2
March	494.6	496.0	493.0	495.2
May	496.0	496.4	493.6	496.2
July	497.0	497.0	494.4	497.4
Aug	495.4	495.6	494.0	496.0
Sept	483.4	486.0	483.4	486.0
Nov	481.6	484.4	480.0	485.0
March	497.0	497.0	497.0	500.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	144.0	144.9	143.9	144.9
March	143.6	145.0	143.5	144.9
May	143.4	144.7	143.2	144.9
July	143.4	144.6	143.2	144.7
Aug	143.2	144.3	143.0	144.7
Sept	143.2	143.8	143.0	144.6
Oct	142.8	143.5	142.7	144.5
Dec	143.7	144.2	143.5	145.2
Jan	144.2	144.0	144.5	147.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	15.52	15.52	15.35	15.33
March	15.72	15.79	15.60	15.57
May	15.98	16.05	15.88	15.83
July	16.15	16.20	16.03	15.99
Aug	16.07	16.10	15.94	15.93
Sept	15.83	15.90	15.81	15.77
Oct	15.72	15.85	15.70	15.66
Dec	15.65	15.80	15.61	15.70
Jan	15.70	15.91	15.70	15.75

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	277.6	278.4	275.2	277.0
May	263.0	263.0	261.0	262.0
July	244.0	244.4	242.4	243.4
Sept	244.2	245.0	244.2	244.0
Dec	251.0	251.4	250.6	251.6
March	277.6	278.4	275.2	277.0

SPOT PRICES — Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 544.5 541.5) cents per troy ounce.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Fresh Dow peak of 2005.91

EARLY PROFIT-TAKING was well absorbed on Wall Street yesterday, when stocks posted their fifth consecutive record close as investors remained unshaken in the belief that a pattern of moderate economic growth and lower interest rates was not about to change. News coverage of the 1987 rally stirred fresh enthusiasm, traders said.

After opening 7.31 off at 1,994.94, the Dow Jones Industrial Average finished 3.66 up at a net all-time record of 2,005.91, making a rise of 78.60 on the week. The NYSE All Common index, at a record $148.39, rose 83 cents on the day and $7.38 on the week. Advances led declines by a five-to-three majority in a volume of 193.67m (194.5m) shares.

The market started out with a mild decline which traders blamed on the bond market and a report that the civilian unemployment rate fell to 6.7 per cent last month from a revised 6.9 per cent in November.

Non-farm payroll jobs increased by 269,000. Some investors may have decided to take profits, fearing the report would spoil the outlook for lower interest rates. The market improved around midday when Beryl Sprinkel, chairman of the Council of Economic Advisers, said the Federal Reserve could have room to cut the discount rate if inflation remains low and market rates drop.

ICN Pharmaceuticals fell $3¾ to $21⅝—after being halted at $27¼ prior to the company's news conference on tests of its drug ribavirin. The tests showed the drug is effective in preventing development of Aids in patients exposed to the virus, but ICN did not say it had a cure for Aids.

In over-the-counter trading Viratek fell $5 to $71 and SPI Pharmaceuticals $4¾ to $28⅛—ICN owns stock in both companies.

IBM shed ⅜ to $122¼, continuing a slump. Digital Equipment rose $1⅜ to $113⅞.

Elsewhere, Cray Research advanced to $2⅞ to $91⅜ and Texas Instruments $2½ to $126⅞. THE AMERICAN SE Market Value Index rose 2.14 to 283.79, making a record 16.30 for the week. Advances led declines 400-to-206. Volume 14.62m (14.60m) shares.

CANADA

Stocks closed at a record high for a the third straight day, buoyed by continued investor expectations of still lower interest rates as well as renewed strength of the Canadian dollar.

The Toronto Composite index climbed 30.3 to 3,208.8, Metals and Minerals 33.15 to 2,103.68, Oil and Gas 48.3 to 3,163.8 and Golds 169.0 to 5,820.1.

AUSTRALIA

Share markets closed at record levels as investors returned after taking profits Thursday.

The All Industrials index rose 5.2 to 2,428.5, just off Wednesday's record 2,429.0, the All Ordinaries 5.7 to 1,535.6, the All Resources 6.1 to 858.3, the Gold index 16.4 to 1,853.2, Metals and Minerals 6.2 to 757.5 and Oil and Gas 6.4 to 681.6. National turnover 123.1m shares worth $A218.5m, with rises outpacing falls 366-to-248.

Larry Adler's FAI Insurances, up 58 cents at $A9.52, made the strongest advance following disclosure of its 7.4 per cent stake in UK merchant bank Hill Samuel Group.

Media stocks were mixed and, with the exception of News Corp, off 30 cents at $A18.45, were thinly traded.

Brokers said the market was obviously not expecting News Corp's increased $A15 a share offer for Herald and Weekly Times, which was announced just after the close of trading. Herald shares gained only 5 cents to $A13.55, Fairfax also rose 5 cents to $A12.05, Queensland Press were steady at $A20.00, after $A20.30, and Advertiser slipped 20 cents to $A5.80.

TOKYO

Slightly higher following aggressive Bank of Japan intervention to stem the yen's appreciation. Export-oriented issues rose as the yen eased to above 158 to the dollar.

The Nikkei Dow market average moved up 31.62 to 18,810.36, after falling 63.63 Thursday. Advances led declines slightly in turnover of 750m (670m) shares.

Communications, Gas, Drug, Electrical, Electric Power, Warehouse and Auto shares firmed, but Financials, Textiles, Rubbers, Oils, non-Ferrous Metals and Minings eased.

"Everyone's confused by conflicting factors," one fund manager said, noting Wall Street's index advance above 2,000 points and the likelihood of further discount rate cuts early this year on one hand, and the yen's strength, expectations of poor Japanese corporate earnings in March and the firming of crude oil prices to around $18 a barrel on the other.

The market will be closed today

HONG KONG

Sharply lower on heavy profit-taking by institutional traders.

The Hang Seng index lost 41.60 to 2,561.73. Turnover remained large at HK$1.37bn (HK$1.88bn).

Hutchison Whampao lost HK$1.75 to HK$45.

SINGAPORE

Increased buying and short covering helped share prices to close sharply higher across the board in very active trading.

The Straits Times Industrial index jumped 20.14 to 925.52 and the SE All Share index 5.30 to 278.70. Turnover 40.3m (31.9m) shares.

Strong buying interest continued to pour in from both local and foreign institutions causing several Blue Chips and "quality" stocks to post sharp gains.

GERMANY

Leading German shares sharply lower for the second day running in active trading which saw large turnover as both foreign and domestic investors hastened to unload German issues.

Dealers cited the mark's surge against European currencies is hurting West German exports and the rallies on Wall Street and other leading exchanges are attracting investors away from the German Bourses.

The Comerzbank index of 60 leading shares, calculated at mid-session, fell 74 points to 1,913.5.

West Germany's record trade surplus in 1986 masks a real slowdown in export growth over the year, according to the Federal Statistics Office.

The surplus rose to a provisional DM 110.2bn in 1986 from DM 73.4bn in 1985. The Office added that in real terms imports had risen by 5.7 per cent, while exports had increased by only 0.8 per cent.

Some shares recovered from the day's lows. Blue-chip Deutsche Bank closed down DM 16 at 779, off its 769 low. Siemens fell DM 6.7 to 709.8 after 700.1. Dresdner Bank fell DM 11.70 to 352.50 and Commerzbank DM 6.70 to 295.80.

Auto BMW slipped DM25 to 540 and Daimler DM 42 to 1,138. Tyremaker Conti Gummi fell DM 8.50 to 312.

PARIS

Mixed with a slightly easier bias in calm trading, although advancing shares outnumbered declining ones by 98 to 81.

The positive impact of Wall Street's record-breaking rise on Thursday were offset by persistent worries over the Public-Sector strikes in France.

Portfolio, Electrical and Oil issues mainly dipped, while some selective buying was observed among Banking, Food, Engineering and Retail shares.

SWITZERLAND

Broadly lower in line with many other European Exchanges amid the uncertainties cast by fears of a realignment of the currencies of the European Monetary System.

Dealers said that the falls on the Zurich Exchange were caused primarily by the nervousness on the Foreign Exchange market and that stocks may continue to weaken next week if the uncertainty isn't put to rest.

Traders said that the strength of the Deutsche Mark in particular had led to sales of Swiss shares, among others, by West German investors.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NEW YORK INDICES

CANADA

NEW YORK ACTIVE STOCKS

FOREIGN EXCHANGES

Further strains within EMS

Uncertainty grew within the European Monetary System yesterday, following reports that the EEC monetary committee was meeting today in Brussels. This almost certainly meant that some form of realignment would take place over the weekend despite proximity of the West German general election on January 25. Most traders had expected any change in parities to be delayed until after this date. However there were increased strains with the system yesterday and central banks were again active as four member currencies traded around their lowest permitted levels against the D-Mark.

The Bank of France intervened in Paris with the D-Mark fixed at its ceiling level of FFr 3.3303 for the third day running. The Bank of Italy was active, selling D-Marks at the fixing. The D-Mark was slightly weaker as a result, slipping to L708.87 from Thursday's record high of L709.50. The West German Bundesbank bought just over FFr 1bn as the French unit was fixed at its floor level in Frankfurt of DM 30.03 per FFr 100. The Bundesbank also bought DKr 118m when the Danish krone was also fixed at its floor level at DM 26.40 per DKr 100. In Dublin the Irish punt was fixed at DM 2.6990, just above its floor level and there were no signs of any intervention. In London the D-Mark closed at FFr 3.3272 up from FFr 3.3319.

The West German authorities were also active buying US dollar's although not at the fixing in Frankfurt. Open market trading was detected soon after the announcement of better than expected US unemployment figures and the Bundesbank took the opportunity to try and boost the dollar in an indirect effort to ease the pressure within the EMS. The intervention in favour of the dollar came in the wake of very heavy support by the Bank of Japan in Tokyo. Estimates varied between $2bn and $2½bn of dollar purchases made by the central bank, probably the largest amount of support given by one central bank in one day on record.

However, apart from a brief fillip after the Bundesbank intervened, the dollar failed to shrug off its bearish undertone and lost ground to finish at DM 1.9175, down from DM 1.9205 and Y158.10, from Y158.20. Elsewhere, it slipped to SFr 1.6045 from SFr 1.6105 and FFr 6.3975 compared with FFr 6.40. On Bank of England figures, the dollar's exchange rate index fell from 108.1 to 107.9.

US unemployment figures for December fell to 6.7 per cent compared with an expected 6.9 per cent and the non-farm payroll figure rose by 269,000 compared with expectations of a 185,000 increase.

Sterling finished showing very little change. Despite the dollar's weakness it managed to finish unchanged against the D-Mark at DM 2.8325 and was firmer against the yen at Y233.50 compared with Y233.25. It was also firmer against the French franc at FFr 9.4525 from FFr 9.4375 but slipped against the Swiss franc to SFr 2.37 from SFr 2.3750. Against the dollar it rose to $1.4775 from $1.4745. On Bank of England figures, the pound's exchange rate index was unchanged at 68.8.

£ IN NEW YORK

Jan. 9	Latest	Previous Close
£ Spot	1.4765-1.4770	1.4775-1.4785
1 month	0.56-0.53 pm	0.60-0.59 pm
3 months	1.79-1.74 pm	1.78-1.75 pm
12 months	6.35-6.25 pm	6.42-6.32 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Jan. 9	Previous
8.30	am	68.9	68.7
9.00	am	68.9	68.7
10.00	am	68.8	68.8
11.00	am	68.8	68.8
Noon		68.9	68.8
1.00	pm	68.9	68.8
2.00	pm	68.8	68.9
3.00	pm	68.8	68.8
4.00	pm	68.8	68.8

CURRENCY RATES

Jan. 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.832550	0.730312
U.S. Dollar	5.5	1.22926	1.07750
Canadian $	8.49	—	1.47563
Austrian Sch.	4	16.6405	14.5624
Belgian Franc	8½	49.1243	43.0702
Danish Krone	7	8.95086	7.83125
Deutsche Mark	3½	2.35883	2.06772
Neth. Guilder	4½	2.66012	2.33364
French Franc	9½	7.85313	6.88574
Italian Lira	12	N/A	1464.32
Japanese Yen	3.0	193.793	170.568
Norway Krone	8	9.05043	7.92768
Spanish Peseta	—	162.201	142.068
Swedish Krona	7½	N/A	7.28550
Swiss Franc	4	1.97788	1.73315
Greek Drach.	20½	169.576(1)	148.835
Irish Punt	—	0.875563(1)	0.766356

*C$/SDR rate for Jan. 8; 1.67983
(1) SDR rate for Jan. 8

CURRENCY MOVEMENTS

January 9	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.8	−24.8
U.S. Dollar	107.9	+0.4
Canadian Dollar	77.3	−12.1
Austrian Schilling	136.2	+10.0
Belgian Franc	98.9	−4.8
Danish Krone	91.9	+3.4
Deutsche Mark	145.9	+23.6
Swiss Franc	169.3	+21.5
Guilder	133.4	+14.3
French Franc	71.1	−13.0
Lira	48.0	−16.6
Yen	207.5	+54.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Jan. 9	£	$
Argentina	1.8690-1.8760	1.2670-1.2710
Australia	2.2055-2.2085	1.4980-1.4990
Brazil	22.1600-22.3000	15.0240-15.0990
Finland	6.9990-7.0185	4.7540-4.7570
Greece	201.36-204.96	136.70-139.00
Hong Kong	11.4645-11.4770	7.7795-7.7815
Iran	110.40*	74.95*
Korea (Sth)	1266.10-1277.55	857.00-864.00
Kuwait	0.42980-0.43060	0.29190-0.29220
Luxembourg	59.00-59.10	39.90-40.00
Malaysia	3.8350-3.8420	2.6005-2.6025
N. Zealand	2.7405-2.7480	1.8610-1.8646
Saudi Ar.	5.5205-5.5255	3.7490-3.7500
Singapore	3.1945-3.2010	2.1665-2.1685
S. Af. (Cm)	3.1535-3.1600	2.1390-2.1435
S. Af. (Fn)	6.6260-6.9380	4.4945-4.7060
Taiwan	52.10-52.35	35.35-35.45
U.A.E.	5.4070-5.4120	3.6720-3.6730

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Jan. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4700-1.4780	1.4770-1.4780	0.63-0.60c pm	4.99	1.77-1.72 pm	4.72
Canada	2.0185-2.0263	2.0250-2.0270	0.54-0.45c pm	2.94	1.48-1.33 pm	2.78
Netherlands	3.19-3.20½	3.19½-3.20½	1½-1¼c pm	5.16	4½-3¾ pm	5.00
Belgium	58.92-59.10	59.00-59.10	6-1 c pm	0.71	32-24 pm	1.90
Denmark	10.71½-10.75¼	10.73¼-10.74¼	3¼-3⅜ ore dis	−3.58	5¼-6 ¾ dis	−2.07
Ireland	1.0460-1.0550	1.0520-1.0530	0.35-0.55 p dis	−5.12	0.90-1.25 dis	−4.08
W. Germany	2.82½-2.84¼	2.82½-2.83½	1¾-1⅝ pf pm	6.88	4⅜-4⅛ pm	6.09
Portugal	214.54-216.09	215.05-215.95	83-214 c dis	−8.27	212-308 dis	−4.82
Spain	194.59-195.22	194.80-194.85	30-48 c dis	−2.40	87-120 dis	−2.13
Italy	1998¼-2015½	2008-2009	6-11 lire dis	−5.08	4-14 dis	−2.29
Norway	10.83½-10.87½	10.85½-10.86½	5¾-6¾ ore dis	−6.42	16¾-18 dis	−6.42
France	9.40½-9.45¼	9.44½-9.45½	¾-1¼ c dis	−0.95	2¾-¼ pm	−0.58
Sweden	9.95½-9.98½	9.97½-9.98½	1½-2 ore pm	1.43	3¼-2⅝ pm	1.25
Japan	232½-234	233-234	1½-1¼ y pm	7.07	3¾-3¼ pm	6.42
Austria	39.85-40	39.85-40.04	9¾-8¾ gro pm	5.43	26¾-23¼ pm	5.04
Switzerland	2.36½-2.38	2.36½-2.37½	1¼-1⅛ c pm	7.91	4¼-4 pm	7.07

Belgian rate is for convertible francs. Financial franc 60.05-60.15. Six-month forward dollar 3.39-3.34 c pm. 12-month 6.40-6.30 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Jan. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4700-1.4780	1.4770-1.4780	0.63-0.60c pm	4.99	1.77-1.72 pm	4.72
Ireland†	1.4000-1.4077	1.4040-1.4070	0.94-0.84c pm	7.61	2.85-2.65 pm	7.84
Canada	1.3670-1.3706	1.3690-1.3700	0.22-0.25c dis	−2.06	0.45-0.70 dis	−1.97
Netherlands	2.1600-2.1765	2.1650-2.1660	0.05-0.01c pm	0.17	0.15-0.10 pm	0.23
Belgium	39.90-40.15	39.90-40.00	13½-15½ c dis	−8.70	27-31 dis	−5.80
Denmark	7.25½-7.30¼	7.26¼-7.27¼	4.00-5.00 ore dis	−7.42	10.25-11.25dis	−5.91
W. Germany	1.9125-1.9280	1.9170-1.9180	0.27-0.25pf pm	1.56	0.68-0.63 pm	1.36
Portugal	145¾-146½	145¼-146¼	135-165c dis	−12.34	330-390 dis	−9.87
Spain	131.65-132.40	131.85-131.95	90-110c dis	−9.09	225-265 dis	7.42
Italy	1354½-1370	1359¼-1359¾	10-15 lire dis	−11.01	22-27 dis	−7.20
Norway	7.34¼-7.38	7.35-7.35½	6.50-7.30ore dis	−11.25	20.30-21.10dis	−11.25
France	6.37½-6.41¼	6.39½-6.40	2.75-3.25c dis	−5.63	6.00-6.75 dis	3.98
Sweden	6.75-6.78¼	6.75-6.75½	1.90-2.40 ore dis	3.82	6.05-6.65 dis	−3.76
Japan	157.85-158.45	158.05-158.15	0.28-0.29y pm	1.93	0.70-0.65 pm	1.71
Austria	13.50¼-13.57	13.55½-13.56	0.5 pm-0.1gro pm	0.18	1.50 par pm	0.22
Switzerland	1.6020-1.6190	1.6040-1.6050	0.38-0.34c pm	2.68	0.95-0.90 pm	2.30

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.50-40.60.

EURO-CURRENCY INTEREST RATES

Jan. 9	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10⅞-11	10 13/16-11 1/16	11 1/16-11 3/16	11-11⅛	10⅞-11	10⅞-11
U.S. Dollar	6-6⅛	6-6⅛	6-6⅛	6-6⅛	5 15/16-6 1/16	6-6⅛
Can. Dollar	7⅞-8⅛	7⅞-8⅛	7 15/16-8 3/16	7⅞-8⅛	7⅞-8⅛	8 3/16-8 7/16
D. Guilder	5¾-6	5¾-6	5 13/16-6 1/16	5⅝-5⅞	5 11/16-5 15/16	5 11/16-5 15/16
Sw. Franc	2-2½	1⅞-2⅛	3¼-3½	3⅜-3⅝	3⅜-3⅝	3⅜-3⅝
Deutschmark	4⅛-4½	4½-4⅝	4 7/16-4 11/16	4 7/16-4 11/16	4-4	4⅝-4¾
Fr. Franc	8½-9½	9½-10½	10¾-11¼	9¾-10¼	8⅞-9⅜	8½-9
Italian Lire	15-20	14-21	14½-16½	12½-13¾	11¼-11⅞	10⅞-11⅜
B. Fr. (Fin.)	8⅝-8⅞	8⅜-8⅝	8-8¼	7⅞-8⅛	7¾-8	7¾-8
B. Fr. (Con.)	10-12	12-15	10-11	8¾-9½	8¼-8¾	7¾-8¼
Yen	4 3/16-4⅜	4 3/16-4 5/16	4 3/16-4⅜	4⅜-4 7/16	4¼-4⅜	4¼-4⅜
D. Krone	15½-16½	15½-16½	15½-16½	13-13½	11¼-11¾	10¾-11¼
Asian $ (Sing.)	3¼-3½	—	3½-3⅝	3⅜-3½	3½-3⅝	3⅝-3¾

Long-term Eurodollars: Two years 6¼-6½ per cent; three years 6¾-7 per cent; four years 7¼-7½ per cent; five years 7⅜-7⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan. 9	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.478	2.833	233.6	9.453	2.370	3.200	2009.	2.022	59.05
$	0.677	1	1.918	158.1	6.398	1.605	2.166	1360.	1.368	39.95
DM	0.353	0.522	1	82.47	3.337	0.837	1.130	709.1	0.714	20.85
YEN	4.281	6.325	12.13	1000.	40.46	10.15	13.70	8598.	8.654	252.8
F Fr.	1.058	1.563	2.997	247.1	10.	2.507	3.385	2125.	2.139	62.47
S Fr.	0.422	0.623	1.195	98.57	3.968	1.	1.350	847.5	0.853	24.92
H Fl.	0.313	0.462	0.885	73.00	2.954	0.741	1.	627.7	0.632	18.45
Lira	0.498	0.736	1.410	116.3	4.706	1.180	1.593	1000.	1.006	29.40
C $	0.495	0.731	1.401	115.6	4.676	1.172	1.583	993.6	1.	29.21
B Fr.	1.693	2.502	4.797	395.6	16.01	4.014	5.419	3401.	3.423	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Nervous trading on EMS fears

Trading in European money markets remained nervous as dealers braced themselves for a realignment of currencies within the EMS. However, a majority view suggested that the West German authorities would at least try and hold out until after the general election due on January 25. In Frankfurt call money was weaker, easing to 4.40 per cent from 4.50 per cent. This reflected a steady stream of D-Marks reaching the market as the Bundesbank bought foreign currency to support both EMS parities and the dollar.

UK clearing bank base lending rate 11 per cent since October 15

Next week sees the maturity of a DM 12.4bn sale and repurchase agreement and the Bundesbank is expected to take out excess liquidity, which is upsetting its efforts to keep a hold on money supply through keeping funds tight, by offering another facility considerably below the amount leaving the market. This is seen as an obvious way to soak up excess liquidity.

Meanwhile, the Danish krone, which has been pinned to its cross-rate floor level against the D-Mark, received further support from the Danish central bank when the latter pushed up its overnight money market rate for the third time this week to 14 per cent from 12 per cent.

In Amsterdam the Dutch central bank allocated Fl 7.41bn at its latest special advances facility at 6.1 per cent replacing a maturing agreement of Fl 7.46bn at 6.2 per cent. Conditions were relatively calm in Amsterdam since the Dutch guilder is quite firm within the EMS.

The Bank of England forecast a shortage of around £1,200m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £554m and Exchequer transactions a further £410m. In addition there was a rise in the note circulation of £190m and banks brought forward balances £65m above target. To help alleviate the shortage the Bank offered an early round of assistance which totalled £990m and comprised outright purchases of £4m of eligible bank bills in band 1 at 10⅞ per cent, £15m in band 2 at 10 13/16 per cent, £5m in band 3 at 10¾ per cent and £1m in band 4 at 10 11/16 per cent. It also arranged sale and repurchase agreements on £965m of bills at 10 29/32-10 15/16 per cent, unwinding on January 15.

The forecast was revised to a shortage of around £1,300m before taking into account the early help and the Bank gave additional assistance in the morning of £35m through outright purchases of £5m of eligible bank bills in band 1 at 10⅞ per cent, £29m in band 2 and £1m in band 3 all at unchanged rates.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 9) 3 months U.S. dollars		6 months U.S. dollars	
bid 6	Offer 6⅛	bid 5 15/16	Offer 6 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Jan. 9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.35-4.45	4.65-4.80	4.55-4.70	4.60-4.75	4.65-4.80	5.5
Paris	9¼-9⅜	9-9⅛	8⅞-9	8¾-8⅞	8⅝-8¾	7
Zürich	⅞-1⅛	3⅜-3⅞	—	3 5/16-3 11/16	—	—
Amsterdam	6-6⅛	6-6⅛	—	5¾-5 15/16	—	—
Tokyo	4.09375	4.1875	—	4.3125	—	—
Milan	11¼-11¾	11¾-12¼	—	11½-12	—	—
Brussels	8.30	8-8¼	—	7¾-8	—	—
Dublin	12¼-12½	13¼-14	13⅞-14⅛	14-14¼	13¼-13½	—

LONDON MONEY RATES

Jan. 9	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	13-10	11 3/16-10⅞	11 3/16-11 1/16	11¼-11	11-10⅞	11-10 15/16
Sterling CDs	—	—	11⅛-11	11-10 15/16	10⅞-10¾	10 15/16-10⅞
Local Authority Deposits	11-10⅞	11	11 1/16-11	11	10⅞-10¾	10⅞-10¾
Local Authority Bonds	—	—	11⅛	11⅛	11¼	11
Discount Market Deposits	10¾-10	10⅞	10 15/16	10 15/16	—	—
Company Deposits	10¾-10¼	11⅛	11¼	11⅛	11	11
Finance House Deposits	—	—	11⅛	11 3/16	11	11
Treasury Bills (Buy)	—	—	10 15/16	10 13/16	—	—
Bank Bills (Buy)	—	—	10 15/16	10 13/16	10⅝	—
Fine Trade Bills (Buy)	—	—	11½	11 5/16	10 15/16	—
Dollar CDs	—	—	6.15-6.10	6.00-5.95	5.95-5.90	6.00-5.90
SDR Linked Deposits	—	—	6⅞-6⅝	6 11/16-6 7/16	6½-6¼	6 7/16-6 3/16
ECU Linked Deposits	—	—	9⅜-9¼	8½-8⅜	7⅞-7¾	7¾-7⅝

Treasury Bills (sell); one-month 10 29/32 per cent; three-months 10 25/32 per cent; Bank Bills (sell); one-month 10 29/32 per cent; three months 10 25/32 per cent; Treasury Bills; Average tender rate of discount 10.5327 p.c. ECGD Fixed Finance Scheme IV reference date November 29 to December 31 (inclusive): 11.392 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from January 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10¾ per cent; one-three months 11 per cent; three-six months 11⅛ per cent; six-nine months 11⅛ per cent; nine-12 months 11½ per cent; Under £100,000 10¾ per cent from December 16. Deposits held under Series 5 10¾ per cent. Deposits withdrawn for cash 5½ per cent.

Equities extend gains and Gilts improve

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 22	Jan 8	Jan 9	Jan 19
Jan 12	Jan 22	Jan 23	Feb 2
Jan 26	Feb 5	Feb 6	Feb 16

* New time dealings may take place from 9.00 am two business days earlier.

Renewed optimism regarding oil prices and interest rates spurred London's equity market ahead again yesterday in the fourth consecutive session of widespread gains. Despite Wall Street's success overnight, London was restrained at first. But the pace quickened in late dealings when the stock market moved into the new trading account. The prolonged Christmas trading account exploded into action this week as pent-up demand from the institutions burst into the marketplace.

The FT-SE 100 index jumped 19.2 to a new peak of 1,752.3. At 1,386.4, the FT Ordinary added 13.9, still some way short of its all-time high of 1,425.9 reached at the beginning of April last year.

Yesterday's confident rise in share prices seemed to indicate optimism for further gains both in London and New York. Traders could see no new factors in the market, except for the reports that Saudi Arabia intends to urge Iraq to support the Opec pricing and production policy. Hopes for a cut in US discount rate shortly encouraged by reported comments from Mr Beryl Sprinkel, economic adviser to the President.

Oil shares moved up strongly, in response to firmness in the sector on Wall Street. Britoil again stood out strongly. ICI continued to lead the running among chemicals. But Glaxo and Jaguar, two recent favourites, saw reduced interest.

But buying ranged more widely than earlier in the week. Many food and retail stocks were in demand, with Marks & Spencer again strong after being granted a deposit licence by the Bank of England—the first step towards banking status for the High Street retailer.

Another day of heavy trade in Boots, retailer and medical supplies group, re-awakened hopes for a bid—Hanson Trust has been named in the past as a possible suitor.

Some sectors were overlooked, however. Electricals, after moving to catch-up with the market earlier in the week, were largely neglected.

Traders were at a loss to explain a keen interest in gold producers and kindred issues, which traditionally reflect inflation worries. Demand for RTZ and other precious metal issues came from Continental sources.

Hill Samuel up again

The Government bond market ended firmly after a calm if somewhat irregular trading session. Prices improved in the final hour when the slight possibility of a new tap stock evaporated. The FT Government securities index added 0.10 to 85.31.

Merchant banks continued to make the running in an active banking sector. Hill Samuel advanced 20 afresh at 463p following the surprise announcement that FAI-Insurances, a Sydney-based general insurer, had acquired a 7.4 per cent stake in the company, only a day after it was revealed that NZI Corporation had purchased 4.5 per cent of Hill Samuel. Rumours of a far-eastern stake-building operation continued to excite Kleinwort Benson which jumped 45 more making a leap of 81 on the week at 598p. Morgan Grenfell were again in demand on Nomura Securities takeover hopes and closed 7 better at 402p, while improvements of 7 and 25 respectively were seen in Mercury International, 380p, and Schroders, 760p. Elsewhere, the major clearers, which were dull on Thursday following the US Treasury Secretary's warning that US banks may have to accept losses on loans to Latin American debtors, opened lower again yesterday after Press comment on the Anglo-US banking accord. However, buyers soon appeared at the lower levels and a rally ensued. Barclays recovered from an early level of 498p to finish 13 better on balance at 516p and Lloyds ended 8 to the good at 457p. NatWest closed 5 off at 554p. Midland were additionally aggravated by rumours that the bank would announce a sizeable rights issue with next month's figures and dropped to 588p before rallying to close a net 7 down on balance at 593p.

Breweries remained in fine fettle. Bass advanced 12 more to 778p, while Scottish and Newcastle rose 7 to 211p reportedly reflecting support from the company's brokers in front of an expected offer shortly for Norfolk Capital, 2 dearer at 38p. The latest developments in the Guinness imbroglio failed to dampen recent enthusiasm for the shares which attracted a lively traded option turnover and advanced 12 more to 309p. An exception to the general firm trend was provided by Allied-Lyons which dipped a few pence to 347p as the placing of some 14.3m shares, to finance the acquisition of Grand Metropolitan's Drybrough operation for £48.5m, was reportedly completed with a certain amount of difficulty. Grand Met eased 4 to 460p. Regionals again enjoyed sizeable, but selective support. Greenall Whitley were wanted and advanced 15 to 210p, while Vaux, still subject to takeover speculation, improved 12 more for a gain of 31 on the week to 521p with sentiment bolstered by news of the resignation of the chairman of Pleasurama—frequently mentioned as a likely suitor for the Sunderland-based brewery—following an internal dispute over Pleasurama's acquisition policy; the latter fell 16½ to 315½p.

Leading Building issues continued to move higher although market makers reported a reduced turnover. Nevertheless, a continuing squeeze on bear positions pushed Redland up 18½ more to 450½p, while Costain advanced 19 to 543p. Blue Circle, a firm market of late on Adelaide Steamship stake speculation, were a shade dearer at 725p, but recently firm Tarmac eased 4 to 454p, following profit-taking. Elsewhere, Bryant Holdings gained 9 to 180p following the increased and "final" offer from English China Clays, 8 up at 333p. Ibstock Johnsen attracted good support and rose 13 to 215p on news that the company had increased its holding in Eucalyptus from 22.7 per cent to 42.6 per cent; the latter touched 930p prior to closing 5 off at 915p.

ICI attracted further US support and rose 19 to 1157p. Elsewhere in the Chemical sector, Laporte firmed 8 to 419p, but Wardle Storeys shed 13 to 373p following comment on the annual results. James Halstead gained 2 to 169p on Coloroll bid speculation, while Foseco moved up 10 to 233p following US disposal news.

Marks and Spencer rise

Marks and Spencer attracted another good turnover—nearly 7m shares changed hands yesterday after 10m on Thursday—following news that the UK's biggest retailer had been granted a licence to take deposits by the Bank of England and the close was 9 higher at 196p. Dixons rose 13 to 348p on buying ahead of next Wednesday's interim figures, while Harris Queensway added 8 at 215p. Elsewhere in Stores, Coats Viyella gained 12 afresh at 507p.

British Telecom were held in check by the current impasse in the company's pay dispute with its workers and closed at the overnight level of 216p following a brisk turnover of 10m shares. STC continued to reflect revived takeover speculation with a gain of 4 at 188p and Cable and Wireless put on 6 at 352p. Reports of a broker's upgraded profits forecast lifted United Scientific 15 at 174p and International Signal and Control found support at 271p, up 12. BSR advanced 3 more making a rise of 15 on the week at 97p following news of the management buy-out of its Capetronic subsidiary.

Activity tended to fade in the Engineering sector, although buyers appeared to be showing a keener interest in the late dealings. Baker Perkins advanced 5 further to 323p on the merger discussions, while a flurry of speculative activity left Birmid-Qualcast 11 to the good at 159p. Spirax Sarco continued to make headway at 184p, up 10. Stothert and Pitt, still reflecting recovery hopes following the board changes, put on 5 further to 115p. Speculative demand left BM Group 28 to the good at 243p. Among the leaders, Vickers were noteworthy for a rise of 14 at 445p.

The Food Retailing sector displayed useful gains, none more so than Tesco, which closed a net 17 up at 424p. J. Sainsbury rose 9 to 438p, while Argyll firmed 7 to 334p. Manufacturers followed suit, Unigate rising 9 to 335p and Rowntree 10 to 427p. Cadbury Schweppes, reflecting US demand, put on 5 to 196½p.

Wellcome weaken late

Wellcome were a late weak feature, falling away sharply to around 238p before settling at 250p for a fall of 21 on the day amid fears of competition for its anti-Aids drug from a US company which has developed a similar product. Other pharmaceutical issues traded on a much quieter note after a strong performance earlier in the week. Boots, however, continued to attract a considerable amount of interest and hardened 5½ more to 250p. Elsewhere, Pilkington dipped to 619p initially prior to settling 9 down on the day at 626p on growing fears that BTR's bid may be referred to the Monopolies Commission. Trafalgar House continued its recent recovery movement and closed another 4 higher at 299p in a volume of 4.1m shares. Cookson, reflecting several brokers' recommendations, advanced strongly to close 27 higher at 501p. Press mention left Bridport Gundry 10 higher at 223p, while Christies International, an old bid favourite, advanced 25 to 351p. Buying interest revived in Williams Holdings which gained 10 to 595p, while High-Point Services, bought earlier in the week on bid hopes, advanced 17 further to 185p.

Motor Distributors presented a couple of firm spots, British Car Auction rising 8 to 190p on a mixture of bid speculation and growth optimism; the interim figures are due shortly. Ferry were also prominent following renewed demand in a narrow market and closed 11 higher at 153p.

Paper/Printings had another busy day. BPCC advanced 9 to 270p reflecting Mr Robert Maxwell's US expansion plans, while Bunzl, 225, and DRG, 331p, rounded off a good week with rises of around 7 apiece. Barham traded actively again and ended 7 up at 157p while Bemrose gained 12 more to 318p. Advertising Agencies were also buoyant and Davidson Pearce surged 7 higher to 150p, while Lowe Howard-Spinks jumped 22 to 373p and Abbott Mead Vickers improved 7 to 233p. United maintained a high profile in Newspapers, gaining 9 more for a five-day rise of 57 to 425p.

The Property leaders emerged from a recent quiet period to close with useful gains. MEPC, in which BAT Industries recently disclosed a stake, gained 6 to 352p, while old takeover favourite British Land firmed a similar amount to 184p. Hammerson A moved up 8 to 468p, while Peachey added 3 to 288p. Elsewhere, Southend Stadium continued to attract buyers on property development hopes and gained 20 to 344p.

Recently-overlooked P & O returned to favour and the demand uncovered a stock shortage which gave the upturn added momentum, bringing a close of 15 up on the session at 548p.

Courtaulds were one of many blue chips to benefit from stock scarcity. Persistent support—2.7m shares were traded—found several market makers running short book positions and the price rose to a new peak of 341p, up 14.

Mercantile House refused to backtrack and finally extended this week's rise to one of 97 to 395p: on Monday afternoon Laing and Cruickshank bought a near-15 per cent stake for Canadian concern CrownX, which is now in the process of holding talks with Mercantile regarding co-operation and other matters. Still buoyed by the Cayzer family purchase of a 10.6 per cent shareholding, Close Bros rose 20 further to 308p. Elsewhere, Brint Investments moved up 18 to 286p and Ivory and Sime gained 5 more to 173p.

Oils firm

Speculation that crude prices could soon top the $20 a barrel level encouraged strong demand for the oil majors. American investors made their presence felt late in the session and prices generally closed at the day's best. British Petroleum were finally 19 higer at 756p, while Shell rose 24 to 1024p. Britoil, in which some 10m shares changed hands, put on 7½ to 177p and Enterprise jumped 8½ to 191p. Tricentrol continued to reflect British Gas takeover speceulations and gained 4 more to 87p.

South African Golds finished the week in buoyant mood as another encouraging performance by precious metal prices stimulated revived international demand for selected stocks.

As on Thursday, sentiment was boosted by Platinum, which having achieved a breakthrough on the charts recently, surged through the $500 barrier and was subsequently fixed at $505.50 an ounce during the afternoon. The metal's strength was reflected by substantial support for Rustenburg, 33 up at 755p, and Impala, 30 dearer at 810p.

Bullion traded below $400 for a short period following reports of the liquidation of long positions in the US, but later staged a smart rally, mirroring Platinum, to close $3 to the good at $404.25 an ounce. Gold shares, a shade cheaper at the outset following Cape offerings and slightly easier overnight indications from Wall Street, soon returned to favour amid revived Continental interest, which found the market short of stock. The FT Gold Mines index rose 5.3 for an advance of over 20 points on the week to 324.9.

London-domiciled Financials put on an extremely firm showing behind the rise in domestic equities and the gold price. RTZ, which announced the purchase of two small US chemical businesses, leapt 23 to 722p, while Consolidated Gold Fields, still excited by talk of US stakebuilding exercises, closed 15 better at 709p. South African Financials again highlighted De Beers deferred, finally 34 to the good at 576p; the shares have risen 63 over the five-day period following the 40 per cent increase in sales of uncut diamonds during 1986 reported by the Central Selling Organisation.

Traded Options

Dealers reported another substantial business in Traded Options as 51,365 contracts were struck. British Gas and British Telecom both attracted over 3,000 calls apiece, while Guinness and Hanson Trust recorded 2,175 and 2,302 calls respectively. The FT-SE 100 index contributed 1,698 calls and 1,552 puts.

Traditional Options

- First dealings Jan 5 Jan 19 Feb 2
- Last dealings Jan 16 Jan 30 Feb 13
- Last declaration Apr 2 Apr 23 May 7
- For Settlement Apr 13 May 5 May 18

For rate indications see end of Unit Trust Service

Money was given for the call of Tyzack, Skyline, Ranar Textile, BSR, Sistem, Hawley, Datron, Kingsley and Forester, Woodhouse and Rixson, Bryson, Tricentrol, Brown and Jackson, Richardson Westgarth, A. J. Worthington, New London Properties, J. H. Fenner, Renold, Lec International, Stewart Nairn, Ryan International, Racal, Greenwich Resources, Wellcome, Nelton, Early's of Witney, Amstrad, Telephone Rentals, Pentland, Fine Art Developments, Cookson, Randsworth Trust, Really Useful, Sound Diffusion, Rothmans International, Sunleigh, Clifer, Ratners, Armour Trust, Microscope, Fairline Boats, British Land, TSB, Berisford, S. Casket, GEC and Acorn Computer. Put options were taken out in North Kalgurli, Wellcome and British Benzol, while a double was arranged in Richardson Westgarth.

FINANCIAL TIMES STOCK INDICES

	Jan. 9	Jan. 8	Jan. 7	Jan. 6	Dec. 5	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.31	85.21	84.57	84.49	84.66	81.45	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.43	91.29	90.74	90.83	90.42	87.67	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,386.4	1,372.5	1,353.0	1,334.3	1,322.8	1,119.8	1,425.9 (3/4/86)	1,094.3 (14/1/86)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	324.9	319.6	316.3	315.6	308.9	298.4	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.14	4.17	4.22	4.29	4.35	4.43				
Earnings Yld.%(full)	9.78	9.88	9.99	10.16	10.29	10.65				
P/E Ratio (net) (*)	12.54	12.43	12.29	12.08	11.93	11.44				
SEAQ Bargains (5 pm)	47,658	46,181	35,831	34,339	34,376	—				
Equity Turnover (£m)	—	1,338.87	1,155.04	1,326.57	857.54	483.52				
Equity Bargains	—	50,475	48,494	45,467	41,288	24,615				
Shares Traded (ml)	—	715.5	479.2	484.4	335.1	244.7				

S.E. ACTIVITY

Indices	Jan. 8	Jan. 7
Gilt Edged Bargains	163.9	129.4
Equity Bargains	327.0	314.2
Equity Value	2706.2	2334.6
5-Day Average		
Gilt Edged Bargains	132.3	116.3
Equity Bargains	289.9	266.2
Equity Value	2020.7	1681.2

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1377.5	1374.9	1375.5	1379.1	1382.1	1382.2	1381.0	1382.6

Day's High 1386.4. Day's Low 1374.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=12.09.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

[illegible]

NEW HIGHS AND LOWS FOR 1986/87

NEW HIGHS (271)

BRITISH FUNDS (3), AMERICANS (5), CANADIANS (1), BANKS (8), BREWERS (5), BUILDINGS (25), CHEMICALS (7), STORES (15), ELECTRICALS (12), ENGINEERING (7), FOODS (12), HOTELS (4), INDUSTRIALS (62), INSURANCE (6), LEISURE (7), MOTORS (4), NEWSPAPERS (2), PAPER (13), PROPERTY (17), TEXTILES (3), TOBACCOS (2), TRUSTS (73), OILS (9), OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (12).

NEW LOWS (6)

STORES (1) Ashley (Laura), ELECTRICALS (2) Datron Int, Instem, ENGINEERING (1) Tyzack, INDUSTRIALS (3) CCA Galleries, Scantec, NMW Computers, INSURANCE (1) Alexander & Alexander.

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Financial Times Saturday January 10 1987

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

[illegible]

40. 4pcPf (£1) 33 4¼ (6.1)
Bardsey Warrants to sub for Pf 4 5
Barna Wallace Arnold Trust 221 30◆
Barclays 10pcPf (£1) 114 (5 1)
Beazer (C. H.) 8½pcLn 2000 £165
Benson (10p) 24◆
Bibby Sons 4.2pcPf (£1) 47 (7.1)
Birmid Qualcast 7½pcLn 1987-92 £82 (7.1)
Blackwood Hodge 9pcLn 1985-90 £89½ (7.1)
Blue Circle Industries 5¼pc2ndDb 1984-2009 £57 (2.1) 6pcDb 1988-93 £81 (6.1). 7pcDb 1988-93 £85 ½. 9pcDb 1992-97 £91½ 2 (7.1). 10¼pcDb 1994-1999 £97½ 8
Boeing Shs of Com Stk ($5) £34 $51¼ (2.1)

[illegible]

UK PUBLIC BOARDS

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—K

[illegible]

L—M

[illegible]

N—P

[illegible]

Q—S

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

UNIT TRUSTS

[illegible]

MINES—MISCELLANEOUS

[illegible]

MINES—SOUTH AFRICAN

[illegible]

OIL

[illegible]

PROPERTY

[illegible]

PLANTATIONS

[illegible]

FINANCIAL TRUSTS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UTILITIES

[illegible]

WATERWORKS

[illegible]

UNLISTED SECURITIES MARKET

[illegible]

Maybern Grp (5p) 105 5
Memory Computer 7.8pcPf 1994-98 (1r£1) 175 (2 1)
New Court Natural Resources Warrants 3
Northumbrian Fine Foods (5p) 87. New (5p) 87
Parkfield Grp 7pcPf (£1) 207
Pavion Intnl 3.85pcPf (£1) 44 (5 1)
Perkins (John) Meats (10p) 42 (7.1)
Quarto Grp ($0.10) 130
Scanro Hldgs 7.75pcPf (£1) 1 2½
Sigmex Intnl (10p) 58 60 3 (5 1)
Scandex (10p) 245
TSB Channel Islands 108 9 11. New 108 9
Technology for Business 7pcPf (£1) 78 (5 1)
Tribble Harris New ($0.01) 120◆
Wooltons Betterware Grp (10p) 80

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intl 177 A$4.005 (7.1)
AOG Minerals 26◆
Acmex Hldgs 220 (7.1)
Accrn Secs 49◆ 56◆ $0.81◆ p58 A$1.176 1.18
Allflex Hldgs 56◆
Alliance Leics Bldg Soc 9½pc Nts 1991 £94½ (6 1)

[illegible]

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds (12½p) 28 9 30 (7.1)
Ann St Brewery (£1) 675 80

[illegible]

Expiaura (5p) 10½ 3 4
Fredericks Place (20p) 78 80 1
Guernsey Gas Light (£1) 530
Hard Rock Cafe (2p) 115 6 8 (7.1)
Jennings Bros 162 4 (7 1)
Kunick Leisure (10p) 24 5
Merrett (10p) 418 20 (6 1)
Neill (James) 4.2pcPf 28 34 (7 1)
Norton Villiers Triumph (10p) 3½ ¼ ¼ ½ 5 (7.1)
Oodles (10p) 20 1 (6 1)
Publishing Hldgs (5p) 17 ¼
Rangers FC (£1) £12¼ ½ (30.12)
Shepherd Neame A (£1) 655
Southern Newspapers (£1) 223 5 (7 1)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Res (10p) 73 5 9 (7.1)
Kenmare Oil Expln (Ir25p) 21 ½
North West Oil Gas (20p) 19 (7 1)

(By permission of The Stock Exchange Council)

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	8,700	164	+3	Ladbroke	2,400	403	−3
Allied Lyons	7,500	347	−4	Land Securities	1,100	350½	+3½
BAT	3,500	494	+10	Legal & Gen.	1,000	270	+4
BET	748	458	+5	Lloyds Bnk	1,300	457	+8
BOC	2,700	397	−3	Lonrho	1,400	249	+4
BTR	1,200	290	+2	Marks & Spncr	6,700	196	+9
Barclays	2,800	516	+13	Midland Bank	1,700	593	−7
Bass	842	778	+12	NatWest Bank	1,600	554	+5
Beecham	1,900	458	−4	Pearson	265	599	−1
Blue Circle	270	725	+2	P & O	1,600	548	+15
Boots	11,000	250	+5½	Pilkington Bros	5,100	626	−9
Brit. Aero	3,200	536	+3	Plessey	2,300	188	—
Brit. Gas	65,000	66	—	Prudential	618	842	+5
Britoil	10,000	177	+7½	Racal	3,800	187	−1
BP	4,000	756	+19	Rank Org	610	553	+11
Brit. Telecom	10,000	216	—	Reckitt & Col	185	917	+5
Burton	2,600	291	+5	Reuters	373	571	—
Cable & Wire	3,600	352	+6	RTZ	2,100	722	+23
Cadbury Schwps.	8,800	196½	+5	Rowntree Mac	3,800	427	+10
Coats Viyella	766	506	+12	Royal Insurance	818	879	—
Comm. Union	3,500	295	+3	STC	2,100	188	+4
Cons. Gold	2,200	709	+15	Sainsbury	861	438	+9
Courtaulds	2,800	341	+14	Sears	6,300	125½	+1
Dee Corp	1,400	223	+1	Sedgwick	484	323	—
Dixons Grp	4,200	348	+13	Shell Trans	3,200	£10¼	+¼
Fisons	1,000	581	+6	Smith & Nephew	3,000	135	+4
Gen. Accident	267	865	+8	Standard Chart	132	792	—
Gen. Elect	7,900	191	—	Storehouse	1,100	285	+3
Glaxo	1,500	£11¼	−⅛	Sun Alliance	1,400	702	+5
Grand Met	2,700	460	+5	TSB	4,300	75	—
Gus "A"	52	£10⅞	—	Tesco	2,300	424	+17
Guardian R.E.	527	832	+5	Thorn EMI	2,000	503	—
GKN	1,300	295	+5	Trafalgar House	4,100	299	+4
Guinness	7,800	309	+12	T'house Forte	3,300	186	+1
Hanson Trust	7,500	202	+1	Unilever	141	£21⅝	—
Hawker Sidd	1,000	499	+4	United Biscuits	3,500	241	+3
ICI	3,900	£11⅝	+¼	Wellcome	8,900	250	−21
Jaguar	2,800	590	—	Woolworth	763	704	−5

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday January 8 1987

Metals and Metal Forming	+51.81	Mechanical Engineering	+24.46
Publishing and Printing	+51.55	Capital Goods	+23.89
Textiles	+46.83	Industrial Group	+23.78
Health and H'sehold Products	+43.75	Property	+20.41
Chemicals	+41.77	Brewers and Distillers	+20.30
Building Materials	+41.73	Financial Group	+20.12
Mining Finance	+41.15	Other Industrial Materials	+19.44
Packaging and Paper	+38.70	Electricals	+18.51
Investment Trusts	+36.99	Shipping and Transport	+18.28
Oils and Gas	+34.75	Other Groups	+17.33
Motors	+33.80	Insurance (Composite)	+17.21
Overseas Traders	+33.42	Stores	+10.90
Contracting, Construction	+33.02	Insurance (Life)	+10.49
Leisure	+32.83	Food Retailing	+ 8.21
Food Manufacturing	+29.60	Electronics	+ 8.83
Merchant Banks	+28.96	Gold Mines Index	+ 7.18
Banks	+27.58	Conglomerates	+ 4.38
Consumer Group	+26.90	Agencies	+ 3.58
500 Share Index	+25.05	Insurance (Brokers)	− 0.01
All-Share Index	+25.01	Telephone Networks	− 4.03

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	3	32	28	328	144	93
Corporations, Dom. and Foreign Bonds	8	1	61	24	8	322
Industrials	647	377	506	3,090	1,714	2,832
Financial and Props.	238	106	238	1,286	491	1,135
Oils	54	14	45	227	94	244
Plantations	6	0	8	19	5	46
Mines	80	26	78	361	151	408
Others	91	49	64	558	149	305
Totals	1,177	605	1,028	5,893	2,756	5,385

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Friday January 8 1987						Thur Jan 8	Wed Jan 7	Tues Jan 6	Year ago (approx.)	Highs and Lows Index 1986/87				Since Compilation			
		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Index No.	Index No.	Index No.	Index No.	High		Low		High		Low	
1	CAPITAL GOODS (210)	736.35	+1.0	8.47	3.54	14.96	0.00	728.92	718.30	705.37	577.38	753.28	30/4/86	567.56	14/1/86	753.28	30/4/86	50.71	13/12/74
2	Building Materials (27)	911.27	+0.8	8.18	3.37	15.39	0.00	903.91	894.54	866.60	623.04	911.27	9/1/87	613.05	23/1/86	911.27	9/1/87	44.27	11/12/74
3	Contracting, Construction (29)	1260.45	+1.7	7.47	3.68	18.39	0.00	1239.35	1216.02	1195.45	932.22	1280.78	2/7/86	911.08	23/1/86	1280.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1858.71	−0.2	8.14	4.55	15.77	0.00	1854.79	1823.28	1795.32	1548.21	2092.98	21/4/86	1530.81	2/1/86	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1603.74	+0.5	8.92	2.57	14.87	0.00	1595.51	1592.04	1570.79	1456.80	1794.13	30/4/86	1365.94	29/9/86	2049.85	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (61)	420.21	+1.7	9.47	3.94	13.45	0.00	413.31	404.73	399.11	323.51	422.95	18/4/86	316.63	23/1/86	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	381.51	+1.4	9.58	3.90	12.68	0.00	376.28	368.73	360.68	247.33	381.51	9/1/87	241.87	2/1/86	381.51	9/1/87	49.65	6/1/75
9	Motors (15)	290.61	+0.7	9.51	3.61	12.12	0.00	288.61	282.45	276.59	210.69	322.48	3/7/86	286.58	14/1/86	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (21)	1260.55	+1.3	7.13	4.36	16.74	0.00	1244.85	1229.89	1198.50	1015.82	1347.13	3/4/86	993.49	21/1/86	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (184)	998.45	+1.1	7.32	3.15	17.55	0.00	987.80	976.97	960.57	753.11	998.45	9/1/87	739.82	14/1/86	998.45	9/1/87	61.41	13/12/74
22	Brewers and Distillers (22)	980.62	+1.3	8.67	3.53	14.47	0.00	967.69	954.03	944.98	782.21	989.31	30/6/86	764.25	14/1/86	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (25)	760.05	+1.2	8.82	3.69	14.87	0.00	750.92	742.59	739.97	561.38	760.05	9/1/87	549.51	14/1/86	760.05	9/1/87	59.67	11/12/74
26	Food Retailing (16)	1969.38	+2.0	6.71	2.72	20.76	0.00	1931.34	1912.77	1886.82	1723.22	2015.98	9/9/86	1629.03	21/1/86	2015.98	9/9/86	54.25	11/12/74
27	Health and Household Products (10)	1751.91	−1.0	5.42	2.17	21.38	0.00	1770.36	1765.59	1692.29	1197.69	1770.36	8/1/87	1175.61	14/1/86	1770.36	8/1/87	175.38	28/5/80
29	Leisure (29)	1024.63	+0.1	7.32	3.96	17.86	0.00	1023.87	1011.28	997.27	762.11	1024.63	9/1/87	731.17	24/1/86	1024.63	9/1/87	54.83	9/1/75
31	Packaging & Paper (14)	527.04	+1.7	6.50	3.17	19.91	0.00	518.44	511.25	500.57	363.27	527.04	9/1/87	362.52	9/1/86	527.04	9/1/87	43.46	6/1/75
32	Publishing & Printing (14)	2920.09	+1.6	6.67	3.90	19.32	0.00	2873.64	2848.88	2762.58	1851.67	2920.09	9/1/87	1834.16	9/1/86	2920.09	9/1/87	55.08	6/1/75
34	Stores (37)	874.03	+2.0	7.29	3.07	18.63	0.00	856.50	842.30	837.55	733.10	984.64	3/4/86	707.79	23/1/86	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	588.47	+2.7	8.97	3.49	12.84	0.00	573.14	567.61	552.86	383.39	588.47	9/1/87	375.50	14/1/86	588.47	9/1/87	62.66	11/12/74
40	OTHER GROUPS (88)	857.46	+1.0	8.93	3.88	13.93	0.00	848.84	843.98	822.58	709.03	859.53	4/4/86	696.16	21/1/86	859.53	4/4/86	58.63	6/1/75
41	Agencies (17)	1158.24	+0.4	5.07	1.90	26.87	0.00	1153.96	1145.35	1135.84	0.0	1158.24	9/1/87	1111.16	2/1/87	1158.24	9/1/87	1111.16	2/1/87
42	Chemicals (21)	1079.20	+1.5	8.21	4.06	14.83	0.00	1063.31	1055.56	1029.26	735.25	1079.20	9/1/87	729.24	14/1/86	1079.20	9/1/87	71.20	1/12/74
43	Conglomerates (13)	1170.03	+0.6	7.38	3.73	16.07	0.00	1162.90	1152.82	1118.98	0.0	1170.03	9/1/87	1112.14	2/1/87	1170.03	9/1/87	1112.14	2/1/87
45	Shipping and Transport (11)	1652.38	+1.8	7.39	4.56	16.82	0.00	1623.86	1612.73	1597.41	1339.73	1677.64	3/4/86	1316.35	14/1/86	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	866.15	+0.4	10.80	4.45	12.62	0.00	862.96	862.43	840.82	876.62	1050.03	4/4/86	712.14	3/10/86	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (24)	1178.47	+1.8	10.17	3.51	11.09	0.00	1157.60	1148.80	1109.11	881.03	1178.47	9/1/87	866.26	9/1/86	1178.47	9/1/87	60.39	6/7/75
49	INDUSTRIAL GROUP (482)	903.63	+1.0	8.05	3.45	15.75	0.00	894.28	884.95	867.74	703.70	903.63	9/1/87	691.89	14/1/86	903.63	9/1/87	59.01	13/12/74
51	Oil & Gas (18)	1562.07	+2.1	10.98	5.80	11.59	0.00	1529.89	1534.40	1512.60	1118.07	1562.07	9/1/87	1093.63	20/2/86	1562.07	9/1/87	87.23	29/5/62
59	500 SHARE INDEX (500)	959.32	+1.2	8.46	3.79	14.97	0.00	947.97	939.90	922.34	739.33	959.32	9/1/87	727.53	14/1/86	959.32	9/1/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	640.27	+1.1	—	4.45	—	0.00	633.39	629.43	623.78	516.31	640.27	9/1/87	507.50	14/1/86	640.27	9/1/87	55.88	13/12/74
62	Banks (8)	696.24	+1.1	18.12	5.28	7.57	0.00	688.72	695.17	689.80	526.74	707.33	20/3/86	517.21	5/2/86	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	910.23	+1.3	—	4.26	—	0.00	898.44	885.52	878.47	786.01	913.47	7/7/86	765.18	23/1/86	913.47	7/7/86	44.88	2/1/75
66	Insurance (Composite) (7)	488.01	+0.6	—	4.45	—	0.00	485.13	472.92	467.82	416.09	525.13	14/4/86	403.56	2/1/86	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1179.37	—	8.09	4.49	16.06	0.00	1180.27	1164.86	1154.57	1105.81	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	377.88	+3.2	—	3.85	—	0.00	366.20	363.37	357.93	282.64	390.22	1/7/86	277.36	24/1/86	390.22	1/7/86	31.21	7/1/75
69	Property (47)	830.03	+1.1	5.84	3.54	22.30	0.00	820.66	813.37	811.32	654.23	830.03	9/1/87	635.34	23/1/86	830.03	9/1/87	56.01	20/4/65
70	Other Financial (25)	394.84	+0.6	7.71	3.84	16.35	0.00	392.32	389.88	382.26	290.19	394.84	9/1/87	287.55	24/1/86	394.84	9/1/87	33.29	17/12/74
71	Investment Trusts (97)	897.56	+0.3	—	2.56	—	0.00	894.86	887.20	881.53	641.41	897.56	9/1/87	633.34	14/1/86	897.56	9/1/87	71.12	13/12/74
81	Mining Finance (2)	355.58	+2.9	8.79	4.51	13.38	0.00	345.72	348.67	345.22	248.25	355.58	9/1/87	240.83	2/1/86	355.58	9/1/87	66.31	30/9/74
91	Overseas Traders (12)	810.32	+0.7	9.88	5.60	12.26	0.00	805.06	798.03	789.01	612.45	810.32	9/1/87	597.55	2/1/86	810.32	9/1/87	97.37	6/1/75
99	ALL-SHARE INDEX (728)	873.53	+1.2	—	3.86	—	0.00	863.56	856.67	842.58	674.87	873.53	9/1/87	664.42	14/1/86	873.53	9/1/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Jan 8	Jan 7	Jan 6	Jan 5	Jan 2	Year ago	High		Low		High		Low	
FT-SE 100 SHARE INDEX ‡	1752.3	+19.2	1752.3	1737.3	1733.1	1722.2	1690.7	1680.0	1681.1	1394.5	1752.3	9/1/87	1370.1	14/1/86	1752.3	9/1/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jan 9	Day's change %	Thur Jan 8	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.24	+0.11	120.11	—	0.40
2	5-15 years	135.04	+0.16	134.82	—	0.08
3	Over 15 years	142.54	+0.06	142.46	—	0.00
4	Irredeemables	153.77	−0.30	154.24	—	0.00
5	All stocks	132.44	+0.12	132.27	—	0.18
	Index-Linked					
6	5 years	116.45	−0.02	116.47	—	0.00
7	Over 5 years	113.72	+0.04	113.67	—	0.00
8	All stocks	114.13	+0.03	114.09	—	0.00
9	Debentures & Loans	115.78	+0.44	115.28	—	0.00
10	Preference	79.79	+0.36	79.50	—	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 9	Thur Jan 8	Year ago (approx.)	1986/87 Highs		Lows	
	British Government								
1	Low Coupons	5 years	9.55	9.60	9.96	10.26	20/1/86	7.37	18/4/86
2		15 years	9.81	9.81	10.46	10.87	20/11/86	8.32	18/4/86
3		25 years	9.81	9.81	10.46	10.88	20/11/86	8.33	18/4/86
4	Medium Coupons	5 years	10.46	10.48	11.64	11.89	14/1/86	8.58	18/4/86
5		15 years	10.09	10.10	10.88	11.23	20/11/86	8.58	18/4/86
6		25 years	9.88	9.87	10.50	10.79	20/11/86	8.58	18/4/86
7	High Coupons	5 years	10.57	10.56	11.75	12.07	20/1/86	8.73	18/4/86
8		15 years	10.25	10.25	11.07	11.41	20/11/86	8.73	18/4/86
9		25 years	9.93	9.92	10.59	10.86	20/11/86	8.73	18/4/86
10	Irredeemables †		9.78	9.74	10.17	10.51	20/11/86	8.38	18/4/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	3.66	3.60	0.0	5.18	14/1/86	3.24	29/4/86
12	Inflat'n rate 5%	Over 5 yrs	3.76	3.76	0.0	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10%	5 yrs	2.19	2.12	0.0	4.23	14/1/86	2.08	17/11/86
14	Inflat'n rate 10%	Over 5 yrs	3.60	3.60	0.0	3.85	14/1/86	3.09	19/5/86
15	Debs & Loans	5 years	11.03	11.09	12.10	12.78	27/1/86	9.72	8/7/86
16		15 years	11.03	11.09	11.67	11.93	4/2/86	9.79	22/4/86
17		25 years	11.03	11.09	11.66	11.91	20/11/86	9.69	17/4/86
18	Preference †		11.71	11.76	11.99	12.18	24/2/86	10.30	9/6/86

‡ Opening index 1740.1; 10 am 1739.6; 11 am 1740.6; Noon 1743.8; 1 pm 1745.8; 2 pm 1746.1; 3 pm 1745.5; 3.30 pm 1744.0; 4 pm 1748.7.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGE: Lynton Holdings (69) has been deleted and not replaced.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

BANK RETURN

BANKING DEPARTMENT	Wednesday January 7, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	2,650,526,593	+ 2,487,329,726
Bankers Deposits	901,398,852	− 120,220,843
Reserve and other Accounts	1,517,880,565	+ 40,143,494
	5,084,359,010	+ 2,407,253,377
ASSETS		
Government Securities	691,842,756	+ 78,100,000
Advance and other Accounts	776,025,741	+ 172,366,670
Premises Equipment & other Secs	3,603,282,771	+ 2,151,229,029
Notes	12,913,284	+ 5,156,985
Coin	294,458	− 307
	5,084,359,010	+ 2,407,252,377

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	12,927,086,716	− 555,156,985
Notes in Banking Department	12,913,284	+ 5,156,985
	12,940,000,000	− 550,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	2,289,994,897	+ 563,582,800
Other Securities	10,638,990,003	− 1,113,582,800
	12,940,000,000	− 550,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb 87 Vol.	Feb 87 Last	May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Stock
GOLD C	$370	—	—	—	—	3	52	$403.30
GOLD C	$380	20	25.50	—	—	—	—	"
GOLD C	$390	2	19	6	30	—	—	"
GOLD C	$400	235	11.50	84	22.50	23	32	"
GOLD C	$420	6	4.50	105	13.50	38	22	"
GOLD C	$440	179	2	105	9.40	140	15.50	"
GOLD P	$380	1	2	1	6.50	—	—	"
GOLD P	$390	60	3.50	—	—	—	—	"
GOLD P	$400	—	—	5	11	—	—	"
		Mar 87		June 87		Sep 87		
£/FL C	Fl.315	—	—	31	7.50	—	—	Fl.319.37
£/FL C	Fl.325	—	—	—	—	1	5.20	"
£/FL C	Fl.355	3	0.10	—	—	—	—	"
£/FL P	Fl.315	4	5.20	62	9	1	14	"
£/FL P	Fl.335	—	—	—	—	2	26.50	"
		Jan 87		Feb 87		Mar 87		
$/FL C	Fl.215	54	2.30	—	—	56	5	Fl.216.45
$/FL C	Fl.220	35	0.30	119	1.90	50	2.50	"
$/FL C	Fl.225	—	—	—	—	10	1.50	"
$/FL P	Fl.210	—	—	—	—	994	1.90	"
$/FL P	Fl.215	9	0.70	32	2.40	173	3.70	"
$/FL P	Fl.220	26	3.70B	5	5.50	53	6	"
$/FL P	Fl.225	—	—	—	—	5	9.40	"
		Jan 87		Apr 87		July 87		
ABN C	Fl.520	321	1.40	119	14.10	82	19	Fl.504
ABN P	Fl.520	577	16.50	330	20	87	28	"
AEGON C	Fl.90	35	0.40	152	3.50	9	4.50B	Fl.87
AEGON P	Fl.85	22	0.50A	148	3.20	—	—	"
AHOLD C	Fl.115	—	—	171	3.20B	—	—	Fl.108.10
AHOLD P	Fl.100	2	0.10	121	2.90	—	—	"
AKZO C	Fl.150	732	0.80	864	5.50	172	7	Fl.145.20
AKZO P	Fl.150	1348	5.60	1433	8.40	357	11	"
AMEV C	Fl.75	124	0.20	15	1.90	12	3	Fl.71.30
AMEV P	Fl.75	97	3.50	61	4	7	6	"
AMRO C	Fl.90	167	0.40A	166	3.60	10	5.80	Fl.87
AMRO P	Fl.95	247	7.90	28	8.50	10	9	"
ELSEVIER C	Fl.250	13	2.90	47	11.50	—	—	Fl.247
ELSEVIER P	Fl.250	78	4.30	47	12A	—	—	"
GIST-BROC. C	Fl.45	111	0.20	204	2.30	94	3	Fl.41.60
GIST-BROC. P	Fl.45	415	3.80	163	5	150	5.50	"
HEINEKEN C	Fl.170	157	1.40	113	6.20	2	8.20	Fl.168.50
HEINEKEN P	Fl.170	184	2.90	120	7.70	5	9	"
HOOGOVENS C	Fl.35	—	—	891	3.10	501	4.50	Fl.33.30
HOOGOVENS P	Fl.40	2729	6.50	1015	8.20	244	8.30	"
KLM C	Fl.45	12	0.10	178	1.30	65	2.30B	Fl.39.90
KLM P	Fl.45	926	5.20	42	5.80	15	5.70	"
NAT. NED. C	Fl.80	116	0.40	9	3.40A	21	4.60	Fl.78.80
NAT. NED. P	Fl.80	229	1.40	72	3.40	—	—	"
PHILIPS C	Fl.45	242	0.20	876	2.20	91	3.50	Fl.43.30
PHILIPS P	Fl.45	438	2	299	3.80	150	4.40B	"
ROYAL DUTCH C	Fl.210	1254	1.60	1075	7.10	142	9.50	Fl.210
ROYAL DUTCH P	Fl.210	668	1.60	295	5.70	44	10	"
ROBECO C	Fl.95	3	1.20	71	2.80	—	—	Fl.95.60
ROBECO P	Fl.95	5	0.50	20	2.70	—	—	"
UNILEVER C	Fl.520	586	3	141	20B	1	27	Fl.517
UNILEVER P	Fl.520	213	7	102	18	16	28	"

TOTAL VOLUME IN CONTRACTS: For 9/1/87 63,076

A=Ask B=Bid C=Call P=Put

INSURANCES

AUTHORISED UNIT TRUST & INSURANCES

Canada Life Group
2-6 High St, Potters Bar, Herts P.Bar 51122

Equity Gth Sept 29	1.508		----	—
Retirement	5.361		----	—
Individual Pension—Distribution				
Managed Pen Fund	293.7	309.2	----	4.9
Property Pen Fund	132.5	139.5	----	—
Index-linked Pen Fd	125.8	132.5	----	—
Series C Pension—Accumulation				
International Pen Fd	190.0	200.0	----	—
Managed Pen Fd	168.2	177.1	----	—
Property Pen Fd	126.6	133.3	---	—
Index-linked Pen Fd	122.4	128.9	----	—
Gilt & Fxd Int Pen Fd	143.8	151.4	----	—
Equity Pen Fd	186.9	196.8	----	—
Managed Funds				
Managed	179.4	188.9	+0.1	—
Property	128.3	135.1	----	—
Gilt & Fxd Interest	135.1	142.3	+0.8	—
Index-linked	110.2	116.0	----	—
Equity	197.9	208.4	+0.1	2.2
Cash	138.7	146.1	----	—
Midland Bank Unit Tst	194.1	204.4	+0.3	—
Midland Bk Managed	194.1	204.4	+0.3	—
Midland Bk Internat	226.6	238.6	+0.1	—

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation				
Equity	343.3	363.3	+4.1	—
High Income	296.0	313.2	+3.3	—
Property	216.7	229.3	----	—
Managed	252.3	267.0	+1.2	—
Deposit	176.0	186.2	----	—
Gilt	178.1	188.5	+0.7	—
American	251.3	265.9	+0.9	—
International Money	197.3	208.8	----	—
Index	108.6	114.9	+1.1	—
Far East	209.6	221.8	−3.5	—
Global	103.8	109.8	+0.8	—
European	109.6	116.0	----	—
Japan	113.7	120.3	−1.1	—
Residential Property	96.6	102.2	----	—
2nd Series Pension Accumulation				
Equity	545.0	576.7	+7.5	—
High Income	351.1	371.5	+4.3	—
Property	304.1	321.8	----	—
Managed	363.8	385.0	+1.7	—
Deposit	261.3	276.5	----	—
Gilt	252.4	267.1	+1.5	—
American	393.9	415.8	+1.8	—
International Money	282.9	299.4	−0.2	—
Index	119.4	126.3	+1.2	—
Far East	231.6	245.1	−4.1	—
Global	106.3	112.5	+1.1	—
European	113.7	120.3	----	—
Japan	118.9	125.8	−1.5	—
Residential Property	97.3	103.0	----	—
Other Funds				
Equity Units	73.31		+0.91	—
Property Units	22.88			—
Equity Bond/Exec	45.57	48.22	+0.57	—
Property Bond/Exec	30.91	32.71	----	—
Balanced Bond/Exec	35.48	37.54	+0.15	—
L&E SIF 1	117.5	124.0	+0.5	—
L&E SIF 2	76.0	80.5	----	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	115.0	122.0	+2.0	—
Risk & Reward Bond	143.0	151.0	----	—
Murray Johnstone Fd	131.0	138.0	----	—
Money Market Fd	110.0	116.0	----	—
Investment Strategy Fd	96.102	103.0	----	—
Ivory & Sime Pens Fd	114.0	120.0	----	—
Risk & Reward Pens Fd	125.0	132.0	+4.0	—
Murray J'stone Pens Fd	128.0	135.0	----	—
Money Market Pens Fd	110.0	116.0	+2.0	—
Inv Strategy Pens Fnd	97.103	103.0	+1.0	—

Crusader Insurance Plc
Reigate, Surrey RH2 8BL 07372 42424

Measured Performance	103.2	108.7	+0.7	—
Performance Plus	104.2	109.7	+0.5	—
With Profit Perform	97.1	102.8	----	—
UK Opportunity	102.9	108.4	+1.8	—
European Opportunity	111.4	117.9	−0.2	—
Nth American Opp	100.7	106.2	+2.0	—
Far Eastern Opp	103.3	108.8	−0.8	—
Gwth Pro Ser 1 Jan 7	141.8	151.0	----	—
Gwth Pro Ser 2	97.0	102.5	----	—
Fixed Interest	97.6	103.1	+0.3	—
Cash	97.2	102.7	----	—
Managed Pens (Nov 18)	291.63	299.19	----	—

Devonshire Life
29 Glasshouse St., W1R 5RG 01-434 3511

Managed	114.6	120.8	+0.8	—
World Growth	99.0	104.3	+0.2	—
UK Equity	118.6	124.9	+1.1	—
UK Small Companies	114.5	120.6	+0.2	—
European	103.5	109.1	−0.1	—
Far Eastern	159.1	167.6	−0.5	—
Nth American	95.7	100.8	+0.4	—
Fixed Interest	105.5	111.1	+1.1	—
Index Linked Stks	99.7	105.0	+0.3	—
Money	100.2	105.6	----	—
Pen Managed	126.5	133.3	+0.1	—
Pen World Growth	100.0	105.4	+0.4	—
Pen UK Equity	135.9	143.2	+1.6	—
Pen UK Small Cos	124.8	131.5	+0.3	—
Pen European	101.9	107.3	−0.6	—
Pen Far Eastern	207.5	218.5	+0.8	—
Pen Nth American	93.2	98.2	+0.6	—
Pen Fixed Interest	108.5	114.3	+1.2	—
Pen Index Lnkd Stks	99.9	105.3	+0.3	—
Pen Money	104.3	109.9	----	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521311

Secure Fund	104.0	109.5	----	—
Blue Chip Fund	128.7	135.5	+0.3	—
Performance Fund	153.9	162.1	+0.2	—
Adventurous Fund	149.6	157.5	+0.6	—
Pensions Secure	95.1	100.2	----	—
Pensions Blue Chip	98.2	103.4	+0.3	—
Pensions Performance	98.1	103.3	+0.2	—
Pensions Adventurous	98.1	103.2	+0.4	—
Pensions With Profits	97.2	102.4	+0.1	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	167.6	173.7	−0.6	4.31

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	176.4	185.7	----	—
Fd of Inv Tsts	144.5	152.1	----	—
Gilt & Fixed Int	114.7	120.7	----	—
High Income	159.9	168.3	----	—
Intnl Growth	110.5	116.3	----	—
Managed	132.6	139.6	----	—
Money	108.8	114.5	----	—
North American	121.0	127.4	----	—
Pelican	148.2	156.0	----	—
Property	107.0	112.6	----	—
Special Sits	152.9	160.9	----	—
School Fee Managed	144.9	152.5	----	—
Pension Funds				
Far Eastern	201.4	212.0	----	—
Fd. of Inv. Tsts	158.4	166.7	----	—
Gilt & Fixed Int	118.7	124.9	----	—
High Income	181.5	191.1	----	—
International Growth	113.9	119.9	----	—
Managed	144.9	152.5	----	—
Money	118.2	124.4	----	—
North American	125.7	132.3	----	—
Pelican	163.8	172.4	----	—
Property	107.3	112.9	----	—

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	149.9	157.8	+1.0	—
Property Fund	117.9	124.2	—	—
Fixed Int Fund	128.4	135.2	+0.8	—
Money Fund	119.0	125.3	—	—
Equity Fund	194.8	207.2	+1.9	—
TSB Pensions Ltd.				
Managed Pension	414.6	436.5	+2.6	—
Deposit Pension	115.4	121.6	+0.1	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 394000

Managed	407.5	429.0	+2.6	—
Property	261.2	275.0	—	—
Fixed Int.	157.3	165.6	-0.1	—
UK Equity	474.8	499.8	+3.6	—
Int. Equity	332.8	350.4	-1.0	—
Deposit	157.4	165.7	—	—
Managed Property	211.6	222.8	+1.6	—
American Eagle	115.0	121.1	-0.1	—
Technology	94.4	99.4	+1.1	—
Worldwide Income	175.5	184.8	+0.4	—
Pacific	177.8	187.2	+0.6	—
Australian	92.9	97.8	+0.9	—
Japan	279.8	294.6	-2.5	—
Commodity	106.1	111.7	-0.8	—
Gold	131.4	138.4	+0.4	—
Financial	202.5	213.2	+2.9	—
Income	234.6	247.0	+1.4	—
Special Situations	213.4	224.7	+3.4	—
Preference	135.6	142.8	—	—
Managed Currency	95.1	100.2	-0.1	—
European Spec. Sits.	193.8	204.0	-2.6	—
Sterling	98.3	—	—	—
Residential Property	98.0	103.2	—	—
Pension Funds				
Managed Pension	1202.1	1265.4	+4.0	—
Gilt Pens.	349.6	368.0	+1.1	—
Property Pens.	430.9	453.6	+4.7	—
Equity Pens.	582.8	613.5	+3.3	—
Index-L Pign	123.8	130.4	-0.2	—
Guar. Pen.	258.4	272.0	+0.1	—
Leicester Retirement	156.5	163.7	—	—

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	174.4	183.4	—	—
Gilt & Fixed Int Fd	130.8	137.7	—	—
Cash Fund	123.4	129.9	—	—

Transatlantic Life Assur Co Ltd

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090
Porchester Managed Funds

Albany	116.7	122.8	+0.7	—
Cornhill	104.0	109.5	—	—
Irish Life	109.0	114.8	—	—
Royal Heritage	99.9	105.2	—	—
Schroder	97.0	102.1	—	—
Skandia	117.4	123.5	+0.7	—
Target	119.4	125.7	+0.1	—
Trident	112.9	119.0	+0.7	—
Porchester Managed Pension Funds				
Albany	126.9	133.5	+1.0	—
Schroder	98.6	103.7	—	—
Skandia	122.4	128.8	+0.8	—
Target	110.1	115.9	+0.1	—

Managed by Porchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Mod.	113.4	119.4	+0.6	—
Pens. Man-Schroder	463.6	488.0	+0.5	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical	99.5	104.8	+0.4	—
Guardian Royal Exch.	97.1	102.3	+0.5	—
M&G Am (Life)	111.1	116.8	-0.3	—
M & G Am (Pens)	127.2	133.6	-0.4	—
Norwich Union Asst Mgt	53.3	56.2	-0.3	—
Royal Life (GlobalAm)	100.4	105.6	—	—
Scot Equitable (Life)	146.6	154.9	—	—
Scott Equitable (Pens)	99.9	105.2	—	—
Scot Mutual (Life)	151.5	159.5	—	—
Scot. Mutual (Pens)	137.8	145.1	—	—
Vanbrugh Life Inv.	118.2	124.5	+0.3	—

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Magd Bond	183.4	193.1	+0.1	—
Target Magd Pension	121.8	128.3	+0.2	—
Albany Magd Bond	164.3	172.9	—	—
Albany Magd Pension	208.2	219.1	—	—

Yorkshire & Lancashire Investment Mgt.
2 Parson Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (2H)	170.2	179.2	—	—
Ultra Bond (Bky.H)	138.7	146.1	—	—
Flexible Managed (Hen)	137.4	144.7	—	—
Global Managed (Schr.)	127.7	134.4	—	—
Pension Fund (Bky.H)	115.4	122.1	—	—

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$17.63		+0.02	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23768

Japan Meta Growth	$10.29		+0.05	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$17.54		-0.14	—
Dynamic Gwth Fd.	$19.66		-0.02	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.30	12.94	—	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Funds Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.45	7.83	11.47	3-mth
CAFCASH 7-day Fund	10.51	7.88	11.34	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.75	11.19CAR		3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.60	7.95	11.56	6mth
7-day Fnd	10.51	7.88	11.46	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.94	7.99	12.34	6-Mth
7-day Fund	10.45	7.81	11.21	6-Mth
Dollar	4.87	3.64	5.21	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc.	10.25	7.50	10.34	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.44	11.10	Qtr
Mth.IntChq £1000-£5000	10.00	7.40	10.92	Mth
Mth. Int. Chq. £5,000+	10.25	7.60	11.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc.	11.00	8.22	12.03	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.25	7.68	11.18	Mth
Barclays Prime Account				

[illegible]

NOTES

Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd.	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102 11/32	99 7/16	Exch. 13¼pc 1987	100	+3/32	—	—
100⅞	97 3/4	Treas 10¼pc Cv '87	99 21/32xd	+1/32	10.25	10.83
99 3/16	92 15/16	Exch 2½pc 1987	99 1/16	+⅛	2.52	9.19
101 3/32	97½	Exch. 10½pc 1987	99 7/32	−1/32	10.52	11.05
99 3/16	93⅝	Funding 6½pc 85-87	99¼	−1/32	6.55	9.27
101⅛	96 13/16	Treas. 10pc 1987	99 13/32	+1/16	10.03	10.65
97⅝	90⅞	Treas 3pc 1987	97⅝xd	.....	3.07	7.95
104 3/32	99⅛	Treas. 12pc 1987	101	+1/32	11.88	10.99
99¼	92 13/32	Treas 7¾pc 1985-88‡‡	97 13/32xd	+1/32	7.92	10.04
104	96¼	Exch 10½pc '88	99 17/32	.....	10.51	10.54
102⅝	95¼	Treas 9¾pc Cv '88	98 13/32	+1/32	9.85	10.56
94¼	86⅝	Transport 3pc '78-88	93½	+⅛	3.21	7.78
102½	93 13/16	Treas. 9½pc '88	98 7/32	.....	9.67	10.58
107 3/16	98 3/16	Treas 11½pc 1989	101 13/32	−1/32	11.33	10.64
103⅜	93⅞	Treas 9½pc Cnv 1989	97 13/32	.....	9.71	10.57
92⅛	82 3/16	Treas 3pc 1989	89 13/32	+1/32	3.35	8.00
105 7/16	95 3/16	Treas 10½pc 1989	99¾	.....	10.53	10.61
104 3/16	94¼	Exch 10pc 1989	98 13/32xd	+1/32	10.13	10.61
107 3/16	97	Exch 11pc 1989	100⅞	+1/32	10.91	10.61
93 3/16	84⅛	Treas 5pc 1986-89	89 13/32	.....	5.56	9.23
110 3/16	94⅝	Exch 10¼pc Cv '89	101 5/32	+1/32	10.14	9.77
114 3/16	103 3/16	Treas 13pc 1990‡‡	106 1/16xd	−⅛	12.26	10.62
108⅛	97⅛	Exch 11pc 1990‡‡	101⅛xd	.....	10.89	10.63
113⅛	101 13/16	Exch. 12½pc 1990	105 1/16	−⅛	11.90	10.60
89¼	79⅝	Treas. 3pc 1990	84¼	+1/32	3.54	8.39
100 3/16	89⅛	Treas 8¼pc 1987-90‡‡	94 7/16	+1/32	8.75	10.26
106 1/16	93	Treas. 10pc Cv 1990	98 5/16	−1/32	10.20	10.63
86 3/16	76½	Exch 2½pc 1990	81⅝	+1/32	3.06	8.12
112 3/16	99 7/16	Treas 11¾pc 1991	103 23/32xd	−1/32	11.33	10.60
94⅛	83 1/16	Funding 5¾pc '87-91‡‡	87⅝	+⅛	6.56	9.34
86⅛	79 3/16	Treas. 3pc 1991●	80⅜	−1/16	3.71	8.37
100⅞	95 3/16	Treas 10pc Cv '91	100⅞xd	+1/32	9.92	9.79

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
102	70	Metsec 10p	78	.....	L2.46	2.6	4.4	12.0
78½	45	Mitchell Cotts	67½	+1	1.5	2.1	3.1	17.4
128	81	Monks & Crane 10p	109xd	+3	L2.7	2.9	3.5	13.3
323	210	Morgan Crucible	321	−2	†8.5	1.5	3.7	21.3
23½	15½	Morris (W) F.A. 20p	17	.....	—	—	—	—
157	65	Myson Grp 10p	152	.....	†2.63	2.6	2.4	19.6
365	213	NMW Computers	213	−1	†6.8	3.0	4.0	12.3
141	27	Nash Inds	128	−2	1.5	◆	1.7	◆
·27½	12½	Neill & Spencer 10p	17	−½	—	—	—	—
39	28	Newman Inds 10p	36	−½	†0.8	1.5	3.1	27.5
134	65	Noble & Lund 10p	91	.....	0.7	4.3	1.1	30.0
65	39	Norton	47	.....	1.2	2.9	3.6	13.5
150	96	Norank Systems 5p	128	+5	m1.5	—	1.7	16.4
286	187	Norcros	266xd	+6	†9.3	2.3	4.9	12.2
217	49	Nu-Swift 5p	217	+1	†3.5	2.1	2.3	29.2
£356½	£228	OCE 9pc Cnv 1987-92	£312½	.....	Q9%	—	2.9	—
118	80	Oakwood Grp	99	+5	†5.0	1.3	‡	12.9
250	173	Office & Elect	174	−1	8.5	2.9	6.9	7.1
34	26	Omnitech 1p	30	−1	—	—	—	—
36	18	Optometrics $0.01	20	+2	—	—	—	—
890	500	Oriflame £1	840	.....	128.5	2.1	4.8	16.3
10	5	Overstone 12½c	5s	.....	Q3.23c	1.9	20.0	2.6
142	85	PCT Grp 10p	125	+5	d3.2	—	5.3	—
£20½	£13¾	PLM 'B' Sk25	£18½	+½	Q25.2%	0.3	3.3	—
255	160	Pacer Systems $0.01	165	−2	1.03.0c	4.3	1.6	14.5
78	44	Pacific Sales 10p	45	.....	3.0	1.4	9.4	10.7
454	246	Parker Knoll 'A'	454	+7	12.0	3.2	3.7	11.9
222	83	Parkfield Group 2p	222	+7	3.6	4.2	2.3	14.1
53	17	Pavion Intl	28	−1	—	—	—	7.4
£130	£64½	Do 11pc CvLn '94-02	£88	.....	Q11%	—	13.1	—
617	393	Pearson	599	−1	†10.0	2.8	2.4	19.5
50	12	Peek Holdings 3p	42	−2	—	—	—	—
176	88	Peerless	155	.....	6.3	1.5	5.7	13.9
519	141½	Pentland 10p	490	.....	†0.75	22.4	0.2	27.8
£14	775	Photo-Me	£13	.....	5.75	10.0	0.6	19.6
665	315	Pilkington Br. £1	626xd	−9	††13.5	2.7	3.0	13.5
243	68	Do. Warrants	228	.....	—	—	—	—
£519½	£293	Pitney-Bowes Cnv. Ln.	£519½	+2	Q5½%	—	1.1	—

[illegible]

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
·112	55	Leisuretime Int 10p	68	−1	†2.3	0.9	[illegible]	[illegible]
123	91	Lowndes	107	−1	u2.63	3.4	[illegible]	[illegible]
98	71	Manson Dev. 50p	81	+1	R3.15	3.0	[illegible]	[illegible]
167½	147	Mecca Leisure 10p	162½	+1	L4.1	◆	[illegible]	[illegible]
220	94	Media Tech Int 20p	106	−2	2.8	4.5	[illegible]	[illegible]
·170	130	Medminster 10p	178	.....	6.25	1.9	[illegible]	[illegible]
220	130	Miss World 10p	175	.....	†5.2	3.3	[illegible]	[illegible]
90	62	Nationwide Leisure	63	−1	L3.75	2.5	[illegible]	[illegible]
17	8	Nimslo Int 20c	9	.....	—	—	—	[illegible]
294	114	Orient Ex Hlds $0.125	135	−26	—	—	—	[illegible]
46	23	Owners Abroad 3p	46	+½	1.5	2.3	[illegible]	[illegible]
90	46	Pharaz (Low.)	78	.....	—	—	—	[illegible]
35	25½	P'dilly Radio NV 5p	34	−1	2.0	◆	[illegible]	[illegible]
78	25½	Pineapple 10p	72‡	.....	—	—	—	[illegible]
391	280	Pleasurama 5p	315½	−10½	†7.5	3.6	[illegible]	[illegible]
178	136	Do. 7pcCvCmRedPf	149	−4	7%	—	[illegible]	[illegible]
157	94	Prestwich	116	−1	0.85	6.9	[illegible]	[illegible]
44	18	Radio City 'A' NV	44	.....	—	—	—	[illegible]
58	33	Radio Clyde NV	54xd	−2	3.5	1.6	[illegible]	[illegible]
409	322	Really Useful Grp 5p	361	.....	11.25	2.2	[illegible]	[illegible]
64	36½	Riley Leisure 10p	53½	−½	—	—	—	[illegible]
230	129	Saga Hols. 20p	159	.....	4.6	2.6	[illegible]	[illegible]
365	148	Samuelson Grp 20p	275	.....	2.4	6.5	[illegible]	[illegible]
123	69	Sangers Photo 10p	83	−1	††2.2	1.5	[illegible]	[illegible]
178	93	Scawo 20p	100xr	.....	a4.0	3.5	[illegible]	[illegible]
363	175	Scott. TV 10p	340	.....	†10.5	3.3	[illegible]	[illegible]
27	7	SelecTV 10p	14½	.....	—	—	—	[illegible]
37	20	Spectrum 5p	22	+1	‡1.20	4.8	[illegible]	[illegible]
199	119	Stanley Leisure	195	+1	a3.25	2.8	[illegible]	[illegible]
49½	31	TSW 5p	47½	.....	2.05	2.6	[illegible]	[illegible]
226	137	TV-am 10p	226	+2	R5.75	2.6	[illegible]	[illegible]
·279	144	TVS N/Vtg 10p	266	+3	N10.0	2.5	[illegible]	[illegible]
188	59	Television Svcs 50p	76	.....	†2.0	2.9	[illegible]	[illegible]
340	219	Thames TV	320	+3	a9.5	1.9	[illegible]	[illegible]
74	50	Tottenham Hotspur	65	.....	—	—	—	[illegible]
96	60	Trident 10p	88	.....	L1.1	3.3	[illegible]	[illegible]
260	140	Tyne Tees TV 'A' £1	257	+2	†a10.5	2.0	[illegible]	[illegible]
151	74	Ulster TV	86	+4	3.13	3.6	[illegible]	[illegible]

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

790	513	RTZ	722	+23	22.0	2.4	4.3
£164	£115	Do. 9½pcLn '95-2000	£148¾	+2	Q9½%	15.5	6.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ◆ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. *Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.*

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	62	.....	Fin. 13% 97/02	£99	.....
Craig & Rose £1	£14¾	.....	Arnotts	390	−5
Finlay Pkg. 5p	54	+1	CPI Hldgs	58	+16
Holt (Jos) 25p	885	.....	Carroll Inds.	151	+3
IoM Stm. £1	76	.....	Dublin Gas	18	.....
IRISH			Hall (R. & H.)	180	.....
			Heiton Hldgs.	27	.....
Fund 11¾% 1988	£97⅞	.....	Irish Ropes	145	.....
Nat. 9¾% 84/89	£92	.....	Unidare	305	.....

"Recent Issues" and "Rights" Page 8

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £675 per annum for each security.

FINANCIAL TIMES
Saturday January 10 1987

Pretoria tightens local media restrictions

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH African Government further tightened restrictions on the local media yesterday and expelled the correspondent of the New York Times.

The new regulations severely limit coverage of banned organisations such as the African National Congress (ANC).

The curbs emerged within hours of the publication of advertisements on the 75th anniversary of the founding of the ANC. The official Gazette contained the new restrictions signed by General Johan Coetzee, the Commissioner of Police.

The rules are issued under the emergency regulations introduced on June 12 and prohibit publication of any advertisement or report "calculated to improve or to promote the public image or esteem of an organisation which is an unlawful organisation under the 1982 Internal Security Act."

Section B of the restrictions also prohibits any report calculated to "commend, defend, explain or justify any action, policy or strategy of such an organisation."

The introduction of the restrictions obliged the Weekly Mail to delay the start of its print run and remove its centre page advertisement. The paper appeared yesterday with blank centre pages, technically a breach of existing restrictions which forbid blank pages as an indication of the censorship introduced three weeks ago.

The restrictions are the latest in a series of increasingly strict limits on reporting in South Africa which have been widely criticised by defenders of a free press and by opposition politicians who fear they will be used to muzzle debate in the forthcoming whites-only general election.

The latest move against the ANC comes shortly before its president, Mr Oliver Tambo, is due to hold talks in Washington with Mr George Shultz, the US Secretary of State. The meeting is expected to set the seal on the ANC's international respectability.

On Thursday Mr Tambo called on South Africa's whites to ignore government propaganda depicting the ANC as a communist-inspired terrorist movement and to join the ANC in its struggle for a non-racial democracy. He was speaking at a meeting in Lusaka to celebrate the ANC's anniversary.

The New York Times disclosed yesterday that its correspondent Mr Alan Cowell had been ordered to leave South Africa by today and that the paper had been refused a visa for his designated successor, Mr Serge Schmemann, a former Moscow correspondent. The move deprives the US newspaper of direct coverage of South African affairs.

A POWERFUL bomb ripped through the largest Johannesburg branch of the OK Bazaars supermarket chain at lunchtime yesterday causing widespread damage. There was no prior warning but an employee raised the alarm after spotting a suspicious parcel and the store was evacuated before the explosion.

OK Bazaars is involved in a bitter pay dispute with the Commercial Catering and Allied Workers Union. The union claims 10,000 of the company's 23,000 workers are involved in the dispute. The company has taken on temporary labour to replace striking workers who are picketing several of the company's more than 200 stores.

Grey market deals in BA shares ruled out

By Richard Tomkins

THERE will be no "grey" market dealings in the shares of British Airways in advance of official dealings on the stock market, it emerged yesterday.

Cleveland Securities, the licensed dealer best known for its grey, or unofficial, market-making activities in new issue, said it had decided against making such a market in British Airways' shares because of hostile comment over its role in the British Gas flotation.

Its move could signal a permanent end to the grey market in Britain. Prior Harwin, the only other operator, was closed down last month when the Department of Trade and Industry applied for a winding-up order against it.

Cleveland would not say whether it would be making unofficial markets in other new issues, but said it was reviewing its position. Its other dealing activities will continue as usual.

Grey market dealing consists mainly of trading shares in new issues before letter of allotment have gone out. Although legal, it is regarded as risky for dealers and investors because of the danger that clients might not subsequently honour their bargains.

The activities of Cleveland and Prior Harwin reached particular prominence during the British Gas flotation

Mr Harvey Lawrence, Cleveland's corporate finance director, said it had not been put under any pressure to pull out of grey market trading and its decision had not been influenced by the closing down of Prior Harwin.

He said: "But licensed dealers are under a lot of pressure at the moment and we didn't want to aggravate the situation. We had a very good run with British Gas and we don't want to upset the apple-cart now."

Hill Samuel, the merchant bank sponsoring the British Airways flotation, said it regarded the grey market as thoroughly undesirable and was "absolutely delighted" by the news.

However, it faces renewed criticism of its decision to allow official dealings in British Airways' shares to begin five days before letters of allotment are posted

BA takes off without Sid, Weekend, Page IV

White House memo undercuts Reagan's Iran arms assurance

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE WHITE HOUSE yesterday released previously secret documents which appear to undercut President Ronald Reagan's contention last October that the US was not selling arms to Iran to try to secure the release of hostages held by pro-Iranian guerrillas in Lebanon.

The move followed published reports on the contents of a White House memorandum which says that the sale of weapons to Iran "may well be our only way to achieve the release of the Americans held in Beirut."

The memorandum, which was the basis for an oral briefing given to the President by Vice-Admiral John Poindexter, then National Security Adviser, in January, 1986, before Mr Reagan made the formal decision to approve the arms sales, also says: "If all the hostages are not released after the first shipment (of weapons) further transfers would cease."

A senior White House official yesterday denied that the memorandum provided clear evidence that Mr Reagan had misled the American people when he maintained in his first public statements on the Iran scandal that the primary goal of the deal was not to secure the release of hostages but to begin to build relationships with alleged "moderates" in the Iranian Government.

The release of the memorandum followed a flurry of leaks on Thursday night to the US news media, including details of a draft of the report which the Senate Intelligence Committee is preparing following its closed-door hearings on the Iran affair at the end of last month.

After a television report on Thursday night on the Intelligence Committee report, the White House issued a statement saying the news "will underscore the fact that the President knew absolutely nothing about the diversion of funds from Iran to the Contras and that no such policy was ever approved by the President."

According to NBC Television the Intelligence Committee report says other White House officials, including Admiral Poindexter and his assistant Lt Col Oliver North, ignored or misled their superiors. NBC also said that Mr William Casey, the CIA Director, had been "less than candid" in his testimony to the committee.

In pressing for the committee report to be published and releasing the White House memorandum on arms sales yesterday, Mr Reagan's advisers seem to have decided that although embarrassing, the disclosures will damp down damaging speculation about Mr Reagan's role in the Iran/Contra arms deals.

But Congressional officials are insisting that the Senate report is not a complete record of the affair, partly because some key witnesses refused to testify and that many questions, including what happened to the profits from the arms sales and the precise role played by various individuals, will have to await investigations by the special Congressional committees set up this week.

US unemployment declines, Page 2

Bid to end EEC budget deadlock

BY TIM DICKSON IN BRUSSELS

HOPES for a break in the political deadlock over the EEC's 1987 spending plans were raised in Brussels yesterday when the European Commission presented fresh compromise proposals.

The attempt to beat the Community's budget stalemate—deliberately provoked by the European Parliament last month—came on the eve of the so-called Tour of Capitals organised by Mr Jacques Delors, Commission President, to discuss options for the future financing of the EEC in the wake of enlargement and the constitutional implications of the new Single European Act.

Mr Delors meets Mr Bettino Craxi, Italy's Prime Minister, in Rome today before returning to Brussels on Monday for talks with the Belgians. He will visit Lisbon and Madrid at the end of next week.

Observers in Brussels point out that Mr Delors' discussions are significant in the long run but that the Community's immediate problem is to agree spending for the current year.

At present, EEC funding is being organised on an emergency month-by-month basis.

The Commission's initiative —disclosed yesterday at a meeting of Mr Henning Christopherson, the EEC's Budget Commissioner, Mr Guy Verlofstadt, the Belgian chairman of the Budget Council, and Mr Jacques Pflimlin, the European Parliament's President — involves delicate tinkering with the figures to keep within the legal spending limits while giving the parliament a face-saving formula.

A key element, however, is a new estimate that agricultural spending during 1987 will be almost Ecu 1bn (£728.79m) less than originally envisaged, thanks to the 10 per cent cut in milk quotas and reductions in beef support prices agreed by Agriculture Ministers last month.

It was the apparent failure of Farm Ministers in early December to tackle the rising costs of agricultural support, jeopardising other expenditure, which encouraged the parliament to vote itself more than its permitted "margin," precipitating the crisis.

The reforms negotiated by Mr Michael Jopling, Britain's Agriculture Minister, will not reduce the budget as such, they will simply cut the estimated overrun on agricultural spending this year from Ecu 3.5bn to Ecu 2.5bn. But they are nevertheless expected to have a strong influence on Parliament when it votes on the Commission proposals on January 21.

The budget also needs the approval of the Council of Ministers and there were more doubts in Brussels last night about the reaction of member states to the latest accounting sleight of hand.

The compromise involves creation of a "negative reserve" of Ecu 89m, a complicated device used to break a similar deadlock last July and designed to safeguard spending plans close to the parliament's heart.

More controversially, it involves an increase in spending commitments, as opposed to payments, to Ecu 62m above the permitted maximum rate.

Mr Delors, meanwhile, embarks on his tour with a number of ideas on future financing of the Community, revision of the EEC structural funds and future reform of the Common Agricultural Policy.

Murdoch makes fresh bid for HWT group

By Chris Sherwell in Melbourne

MR RUPERT MURDOCH, the Australian-born media magnate, re-entered the battle for the Herald and Weekly Times (HWT) group yesterday with an aggressive A$2.25bn (£1.02bn) aimed at finally trumping his rival, Mr Robert Holmes à Court. The unexpected bid was announced after the close of stock market trading.

Mr Holmes à Court, however, took his fight to the courts and applied for an injunction to force Mr Murdoch, who is now a US citizen, to abide by the 15 per cent ceiling on permitted foreign ownership of an Australian media group such as the Melbourne-based HWT newspaper and television concern.

Late last night the HWT board again shifted its allegiance and recommended shareholders to accept the improved Murdoch offer "in the absence of a more satisfactory bid." The board, which had recommended Mr Murdoch's original offer before endorsing Mr Holmes à Court's bid, said its new advice to shareholders was conditional on the resolution of any legal or regulatory proceedings.

In another development the Trade Practices Commission, Australia's anti-trust body said Mr Murdoch would sell two Brisbane newspapers, one in Adelaide and one in Perth, if he secured more than 40 per cent of HWT.

Mr Murdoch's new offer for HWT yesterday was $15 a share, valuing the group at A$2.25bn. Mr Mudoch had previously insisted he would not raise his original bid of A$12 a share.

As alternatives he offered four ordinary shares in his News Corporation plus A$5 cash for every five HWT shares, or four A$18 convertible notes for every five HWT shares.

The new Murdoch bid is a big setback for Mr Holmes à Court, who is keen to expand his media interests, particularly in television. He had previously increased his counter-offer to A$13.50 a share, valuing the company at A$2.025bn.

The bid also seems likely to pre-empt a A$910m offer by the Sydney-based Fairfax Group for Queensland Press, which is the largest shareholder in HWT with a 24 per cent stake.

Fairfax made its bid conditional upon acceptance by Queensland Press of Mr Holmes à Court's offer.

Analysts said yesterday that Mr Murdoch's new bid appeared to reflect his determination to acquire HWT, the company his father once ran. His last attempt, in 1979, failed.

See Lex

THE LEX COLUMN

Buy in January, sell in May

One of those stockmarket maxims that are so convenient when they work and so easily forgotten when they do not is that what the market does in January it does for the rest of the year. If that proves right in 1987, equity markets around the world are set for a thrilling time. Already this year various indices in London, New York and Tokyo have hit new highs. If there is any common theme in the three markets to explain that behaviour, it is another of the brokers' old friends—"weight of money."

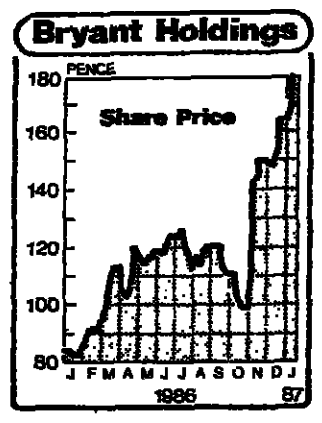
This one is sometimes too airily dismissed. True, investors will keep lashings of cash in their pockets rather than put it into a market which they do not expect to go up. But if the proverbial taxi driver sees daily gains in indices, fear and greed will tempt him in. In the US, sales of mutual funds have rocketed. UK unit trust sales are also booming, and the start of personal equity plans will put more money into the market. And in Japan the abolition of tax-exempt saving accounts will divert that money to the stock markets.

It is not only private investors who have money to spend. In Japan companies have been trying to replace falling trading profits with stock market gains, using the spare cash which is not needed for capital investment in a sluggish economy. US companies have been busily buying their own shares or taking each other over.

A lot of this cash in the UK and Japan ought to be sucked up by privatisations such as British Airways, Nippon Telegraph and Telephone and Japan Air Lines. But determined optimists can make good news of anything, and the expectation that governments will engineer strong markets to receive the issues can even make a bull point of them.

Fundamentals come rather lower down in the list of reasons for continued bull markets, and here too the markets' ability to ignore or distort unpleasantness if it does not suit the mood is displayed. In Japan a multiple of 50 on a market where this year's earnings growth looks slim is justified—for bulls—by saying that for the last two years earnings have been falling and that now the currency has stabilised. Such arguments look thin to outsiders. The US market is walking a tightrope between too fast economic growth, which would prevent interest rate falls, and too slow which would hold back rises in earnings. It is an exercise that market performs best blindfold.

Index rose 13.9 to 1386.4



News/HWT

When all else appears uncertain stick to the cash. And that, as far as the board of Herald & Weekly Times goes, seems fair enough. However, the battle over HWT is ripe with all that complication and irony that gives the Australian corporate world its special flavour.

The attempt of Fairfax to block the spread of the News Corp media empire has rebounded in spades. Fairfax's A$910m offer for Queensland Press (which has a 24 per cent stake in HWT) apparently failed to recognise that the byzantine maze of inter-locking shareholdings has left HWT as the key to the puzzle, since it indirectly holds a 50.6 per cent controlling stake in Queensland Press. Not only did the offer thus put the Brisbane group into play; by forcing up the value of HWT's stake in QP, it may even have underwritten all the A$3 increase in Mr Murdoch's offer for HWT. News Corp, never one to turn down a challenge, is now trying to bludgeon through a A$1bn bid for the hapless Queenslanders.

In what can only be at best a delaying tactic, Mr Holmes à Court is asking the judges to block Mr Murdoch's offer on the grounds that the media magnate has become a US citizen. Yet it was not so many years ago that this complainant fell foul of the same laws, which limit a foreign investor to a maximum of 15 per cent of any broadcasting company, and was given time by the courts to acquire an Australian passport. Mr Murdoch's sister, who appears to have ambitions of her own in the media world and holds the right kind of travel documents, may well have another role to play before long.

HWT shareholders should expect to receive the modified News Corp offer in the next few days, now it has been sufficiently bolstered with disposal promises to satisfy Australia's monopoly watchdog. Investors must find it hard to believe their luck—in October some brokers saw HWT as overvalued at A$7.50 a share, but they have no need to rush with their acceptances. The A$2.3bn value this latest News bid places on HWT bears no relationship to either its earnings record or book value and we have now entered realms of empire-construction where winning the battle carries its own price. While financial markets should welcome the unravelling of messy cross-holding defence pacts, other interests may continue to wonder at the crushing growth of monopoly power in the Australian communications industry.

China Clays/Bryant

The defence of Bryant against an uncharacteristically voracious English China Clays is looking rather a tenuous proposition. To increase the offer to something less than Bryant's declared asset value and still be able to pick up 15 per cent of the company in the market, as China Clays did yesterday, is an encouraging start to the last lap of a take-over race.

Bryant's associates were also buying shares yesterday—another 4 per cent or so—with the result that there is probably not a great deal left for anybody to sweep up for cash, given that over a fifth of the equity is in the hands of the Bryant family, and it is a fair bet that there will not be much remaining interest in the cash offer. The fact that there was an increase in the China Clays share price (and that Bryant is sitting close to the value of the offer) suggests that institutions are not unwilling to switch their Bryant paper into that of China Clays. But there is a fortnight to go.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
BAT Industries	494	+ 10
BM Group	243	+ 28
Birmid Qualcast	159	+ 11
Bridport-Gundry	223	+ 10
British Car Auction	190	+ 8
BPCC	270	+ 9
Britoil	177	+ 7½
Bryant	180	+ 9
Close Bros	308	+ 20
Consd Gold Fields	709	+ 15
Cookson	501	+ 27
Courtaulds	341	+ 14
De Beers Deferred	576	+ 34
Guinness	309	+ 12
Hill Samuel	463	+ 20
Ibstock Johnsen	215	+ 13
Kleinwort Benson	598	+ 45
Marks and Spencer	196	+ 9
Monotype	161	+ 16
Morgan Grenfell	402	+ 7
Redland	450½	+ 18½
RTZ	722	+ 23
Rustenb'rg Platinum	755	+ 33
Tesco	424	+ 17
United Newspapers	425	+ 9
United Scientific	174	+ 15
Vaux	521	+ 12
FALLS:		
Midland Bank	593	− 7
Pleasurama	315½	− 16½
Wellcome	250	− 21

WORLDWIDE WEATHER

UK today: Cold, with sleet or rain showers in places. Outlook: Very cold, severe frosts.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	9	48	Dallas		—	—	Madeira	S	19	66	Perth		—	—
Algiers	S	15	59	Dublin	C	7	45	Madrid	F	5	41	Prague	Sn	−3	27
Amsdm.	F	1	34	Dbrvnk.	S	3	37	Majorca	F	13	55	Reykjvk.	F	3	37
Athens	S	7	45	Ednbgh.	F	−2	28	Malaga	F	14	57	Rhodes	F	12	54
Bahrain	S	18	64	Faro	C	13	55	Malta		—	—	Rio J'o		—	—
Barclna.	F	7	45	Florence	C	−2	28	M'chstr.	C	2	36	Rome	S	5	41
Belfast	R	4	39	Frankft.	F	−2	28	Melbne.		—	—	Salzbrg.	C	−5	41
Belgrd.	S	−5	23	Geneva	F	−3	27	Mx. City	S	21	70	S F'cisco	F	7	45
Berlin	S	−7	19	Gibraltar	F	15	59	Miami	F	25	77	Seoul	S	−1	30
Biarritz	F	12	54	Glasgow	S	1	34	Milan	F	0	32	Singapr.	R	27	81
Bmghm.	C	0	32	G'rnsey	R	4	39	Montreal	S	−5	23	Santiago	S	27	81
Blackpl.	F	1	34	Helsinki	S	−33	−27	Moscow	Sn	−25	−13	Stcklm.	S	−21	−6
Bombay	S	26	78	H. Kong	S	20	68	Munich	C	−4	25	Strasbg.	S	−3	27
Bordx.	F	12	54	Innsbrk.	C	−10	14	Nairobi	F	25	77	Sydney	F	23	73
Boulogne		—	—	Invrnss.	F	−3	27	Naples	S	4	39	Tangier	F	16	61
Bristol	C	2	36	I.o.Man	R	4	39	Nassau	F	26	79	Tel Aviv	S	16	61
Brussels	S	−1	30	Istanbul	Sn	−2	28	Nwcstl.	Fg	−2	28	Tenerife	S	21	70
Budpst.	Sn	−7	19	Jersey	R	3	37	N Delhi	S	18	64	Tokyo	S	13	55
Cairo	S	17	63	Jo'burg	F	25	77	N York†	C	3	37	Toronto	Sn	0	32
Cardiff	R	3	37	L. Pims.	S	20	68	Nice	F	7	45	Tunis	F	12	54
Cape T.	S	27	81	Lisbon	R	11	52	Nicosia	F	16	61	Valencia	C	14	57
Chicago	C	−1	30	Locarno	S	1	34	Oporto	C	10	50	Venice	S	−2	28
Cologne	C	−1	30	London	C	2	36	Oslo	S	−19	−2	Vienna	Sn	−2	28
Cpnhgn.	S	−13	9	L. Ang.	S	14	57	Paris	F	−2	28	Warsaw	Sn	−12	10
Corfu	S	7	45	Luxmbg.	S	−5	23	Peking	Sn	−5	23	Zurich	S	−3	27

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

China

Continued from Page 1

had given frank interviews to several foreign correspondents, was profiled in the Government-run Peking review, in which he said: "Academics should express their feeling on anything in society if unreasonable, wrong and evil things emerge."

Academics at several other institutions, including Peking University, have apparently also been criticised officially for their part in the demonstrations.

Yesterday the Chinese leader, Deng Xiaoping was quoted in the official press as saying that artists and academics must "never regard themselves as superior to the Communist Party politically or ideologically."

EMS realignment

Continued from Page 1

dollar, and damage earnings of the country's farmers.

But the combination of strong political pressure from France to act and the build-up of speculation in the markets has proved irresistible.

The speculation has forced France, Belgium and Denmark to raise interest rates to defend their currencies and seriously depleted those countries' currency reserves.

Earlier in the week, the French authorities stopped supporting the franc above its EMS floor against the D-Mark, and Mr Jacques Chirac, the French Prime Minister, publicly blamed West Germany for the crisis.

The Bundesbank, which is constitutionally independent of the Bonn Government, also emerged as a supporter of a speedy realignment. Its automatic intervention to stabilise the franc and other weaker EMS currencies has contributed to a surge in the West German money supply as capital inflows into D-Marks have surged.

A realignment would ease those pressures, temporarily at least, by reversing the speculative flows.

France faces strong pressure to agree a realignment, as the impact on the franc of the D-Mark's overall strength has been compounded by anxiety on foreign exchange markets over the recent industrial strife in France.

The Bank of France has been a heavy seller of D-Marks from its reserves and has been drawing large amounts of borrowed D-Marks from the Bundesbank under EMS "swap facilities." These will have to be repaid after any realignment.

The French Government has so far been adamant, however, that it will not devalue the franc as part of a realignment. At the start of tomorrow's negotiations it is expected to press for a unilateral D-Mark revaluation.

Italy's central bank has also indicated it will firmly resist a lira devaluation, despite calls from Italian industry that the country's currency should go down if the franc is devalued.

Irish officials said yesterday that their government would oppose a devaluation of the punt ahead of the general election, which is widely expected next month.

The dollar continued to weaken, closing in New York at DM 1.918 against DM 1.9195 on Tuesday, after having earlier finished lower in London at DM 1.9175 (DM 1.9205). Against the yen it was steadier ending at Y158.3 in New York, compared with Y158.15 the previous day. This compares with a close in London of Y158.1 against Y158.2 the day before.

The pound, which has remained on the sidelines during the recent turmoil, was unchanged against most currencies. The sterling index closed at 68.8, the same as on Thursday.

WEEKEND FT

Saturday 10th January 1987

Arabia keeps the faith

Islamic tradition is the key to the durability of the Gulf States, says **Michael Field**

TWO or three years ago in Jeddah I was sitting in the back of a Cadillac with an important Saudi Arabian businessman, a person worth several hundreds of millions of dollars, whom I had gone to see to discuss Saudi politics. We had got on to the subject of Islam and the Arabic language, and when there was a pause in the conversation the businessman lent towards me, put his hand gently on my shoulder and said: "I hope you won't laugh at me when I say this, but I think that when you go to heaven you will find that the language they speak there is Arabic."

My immediate reaction to this revelation was not to laugh, as my friend had feared, nor to think that it was ironic, or hypocritical, that he had made the remark while riding in a chauffeur-driven Cadillac. I just said to myself: "How typically Saudi!"

The dominant feature of society in Saudi Arabia and the Gulf states — Kuwait, Bahrain, Qatar and the United Arab Emirates — is not its wealth, which mostly is kept well hidden, but religious faith. Faith permeates people's lives in a way which it is difficult for Westerners to understand, because such intense and natural religious belief has not been known in Europe since the 17th century.

It is one of the reasons — together with their huge oil revenues and generous welfare states — for the remarkable durability of the extremely conservative Saudi monarchy and the slightly more liberal regimes of the Gulf sheikhs.

All of these governments, like regimes elsewhere in the Middle East, have been battered by religious and nationalist violence in the last 10 years. In Saudi Arabia in 1979 there was the uprising in Mecca, when a group of zealots, imagining that they were going to create the new, perfect Islamic state, seized the Grand Mosque. In Kuwait there have been several series of bombings and in Bahrain the authorities have uncovered various caches of arms and in 1981 pre-empted a plot which seemed to be aimed at assassinating the Ruler.

What is striking about the violence in the Gulf states is not that it has occured at all but that nothing worse happened.

Disturbances there have been much less serious than elsewhere in the Middle East. In Egypt Islamic zealots assassinated President Sadat: and in Syria a series of bombings and assassinations perpetrated by members of the Moslem Brotherhood, led in 1982 to the army crushing what it thought was a rebellion in the city of Hama, leaving up to 30,000 dead.

The cause of the resurgence of Islam in Middle Eastern societies in the last 10 to 15 years has been their people's sense of failure. Whenever they have come into contact with Europeans, Moslem societies have felt that they have been corrupted. They have admired the foreigners for their scientific knowledge and their power but when they have tried to copy them they have always felt that they have destroyed something of themselves. (It was partly this feeling which lay behind the Iranian revolution).

In trying to modernise their societies and make themselves militarily victorious the Arabs have embraced various secular nationalist philosophies and have tolerated a succession of military regimes, which people have persuaded themselves have been justified by the need for discipline in the struggle against Israel.

All of these forms of government have failed, and so Arabs have looked to their roots, which means to Islam. Intelligent people are very aware that the tide of Islamic fervour is a reaction to past failure. A Kuwaiti friend, an oil executive, remarked to me recently that he was unhappy to see the austere lives his own and his friends' children were living, after all the good work his own generation had put in modernising the country's social life. "But," he said, "it's our fault because our philosophies were bankrupt. We had nothing to offer them."

In the Gulf states and Saudi Arabia the fundamentalists, who are known among themselves as *Islamiyyoun*, embrace all age groups, though the biggest component of the movement is the young.

There are two main Sunni (orthodox) groups, the Moslem Brethren, who in the Arabian Peninsula are associated with the Reform societies and are relatively moderate, and the *Salafiyyin*, the members of the Ancestral Movement, who demand, quite literally, that society returns to the state in which Mohammad left it in the year 632.

There are also various movements in the unorthodox and mystical Shia community, which makes up the majority of the populations of Iraq and Bahrain and has significant minorities in Kuwait, the Saudi Eastern Province and Lebanon. Traditionally Shiism is associated with the poor and oppressed; in only one country, Iran, has it become the established creed, having been elevated to this position for political reasons by one of the Shahs in the 16th century.

Some Sunnis respect the Shias as people who are equally devoted to God, but who have inherited different teachings regarding the correct inheritance of the Prophet's state in the 7th century and who happen to have given spiritual, rather than purely judicial, authority to their leaders.

Others feel that the Shias are too closely associated with Iran and are not quite patriotic, even if their beliefs can be tolerated. And others again join the Saudi royal family and most of the religious and legal authorities of the centre of the Saudi kingdom in regarding the Shias as demented heretics who worship tombs—mere decorated lumps of stone—and have a perverted desire to chastise themselves for the death of saints who were killed long before they were born.

Those fundamentalists, both Sunni and Shia, who wish to make a show of their beliefs wear a *thobe*—a white shirt—which ends above their ankles, instead of brushing their heels. They keep their moustaches clipped but let their beards grow long, and on their *ghotras*, their headcloths, they do not wear the circular black *agal*.

Barbara Loftus

Their policies they normally describe, disingenuously, as being "small matters." They want there to be more hours of religious teaching in schools, mainly because they believe that this will give Arabs, and Moslems in general, a stronger sense of their identity.

The economy they say will be more productive if it is Islamicised, which will involve the abolition of interest in the banking system. Both civil and criminal matters they want made subject to Shariah (Quranic) law.

All of their views the *Islamiyyoun* propagate quietly and subtly. The Reform societies distribute free magazines; they arrange lectures and seminars for young people.

In any organisation in which they have a say, the *Islamiyyoun* try to engineer Islamic reforms. In the Kuwaiti Graduate Society, an important institution to which many of the country's professional élite belong, they tried to have women denied the vote. In universities they have seen that the teaching of men and women is separated as much as possible.

★

Confronted by the spread of fundamentalist influence, and by the violence of the extremists, the Arabian governments have bent with the wind. This comes easily to them.

One notices the rulers' adaptation most obviously in their speeches. Even talking about a budget an Arabian ruler will now manage to mention God in virtually every sentence—which sounds less extraordinary in Arabic than it would do in English. King Fahd has recently proclaimed that he is no longer to be known as "His Majesty" but as the "Custodian of the Two Holy Harams"—Mecca and Medina.

There has been an extraordinary and totally unnecessary increase in the numbers of mosques. Two years ago James Bill, Professor of Government at the University of Texas, conducted his own survey and discovered that the number of mosques had tripled in the previous decade. Saudi Arabia had at least 20,000, one for every hundred adult male citizens, and had recently announced plans for building 2,000 more.

In the schools the amount of religious instruction has been increased. A Saudi prince, an honest, sober person greatly concerned with the development of his country, recently complained to me that his teenage daughter had religious studies of different sorts—including the Quran, Interpretation of the Quran and Knowledge of God—taking up five out of the 16 subjects she was studying at school. He was worried and irritated by her habit of correcting any minor un-Islamic lapses she noticed in his own behaviour at home.

Another side of the governments' response to the fundamentalists has been to try to control them. People thought to have extremist views, particularly in the Shia community of Bahrain, are dealt with by the police. The more moderate Sunni elements, notably the Reform societies, have been more or less co-opted into the official religious establishments, partly so that they can be turned against the Shias and the populist Islamic movement divided. All of the societies have accepted money from their own governments or from the Saudi government, and in Bahrain, Qatar and Dubai members of the ruling families have moved into senior positions in them.

In the end, however clever Arabian governments have been in handling populist Islam, the main reason why the movement has not led to more violence is that it has been working in societies which are already very devout.

Something of the tone of Saudi society is shown by the fact that by far the most popular television programme, screened every week at 2.30 on Friday afternoons—lunchtime on the holy day—is Shaikh Ali Tantawi's moral guidance question time. The shaikh (teacher), who is informal, witty and quite liberal, answers the written questions of viewers, such as, "Dear Shaikh Ali, do you think it right that a girl of 16 should be forced to marry a man who is over 70?" In this case his answer would be something on the lines of, "By God, what do you think a man of that age could do for a pretty young girl?" and his audience in their homes will chuckle.

One often meets Saudis who believe that their own country is the only morally upright place in the world. A senior executive in a successful Saudi industrial group, who was once arranging for me to visit his home town, Hail, one of the most puritan places in the Kingdom, told me with a polite but disapproving smile that from what he had heard, the other Arab countries and Europe were "not straight" and therefore he had thought it best never to leave Saudi Arabia.

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What Westerners—particularly those of a liberal disposition—find difficult to understand is that most ordinary, conservative Saudis are not too shocked by the fact that many of the more sophisticated people, including members of the royal family, do not behave in at all a proper Moslem fashion either abroad or in their own houses. According to normal Western thinking this difference in behaviour should turn the people against their rulers, throw them into the arms of fundamentalists or secular radicals and destabilise society.

To some extent this is happening. Growing numbers of the bourgeoisie, especially those who have absorbed Western attitudes when studying abroad, feel that some of their rulers are hypocrites, and in due course their resentment will become a serious problem for the royal family. But there are two reasons why these attitudes are not more widespread.

Firstly, in Saudi Arabia the government is very careful to see that the sophisticated classes maintain the outward appearance of propriety, which the Shah's government never did in Iran. The ordinary people see little display of great private wealth. They do not see manifestations of the Christian beliefs of the foreign population, nor improperly dressed women, nor signs of the drinking of alcohol. On the principle that people tend to be more offended if they are confronted by something that is objectionable than if they only hear about it, vaguely and indirectly, most Saudis are content.

Secondly, Saudis and Gulf Arabs, notwithstanding the comments of my friend from Hail, are less concerned with a high moral standard of behaviour than Westerners imagine them to be. They do not have a Christian conscience which tells them that their behaviour should be consistent wherever they are and whomever they are with, because God is watching them. They are guided more by their sense of honour. If they are seen misbehaving in public they bring shame on themselves and their families, which they count as disaster. But they can do what they like when they are abroad or in their own homes, because here there is no need for them to worry about maintaining appearances.

The most important principle for Arabians is faith. It is more important for them to have faith than to live a good life—which is the opposite of the current moral view in the Western world.

It follows that Arabians are much less critical of their own and each other's weaknesses than Westerners are. They are more united than they seem to outsiders to be, and they are much less prey to the bitterness which leads to political instability in either an Islamic or a non-Islamic guise.

The Long View

A New Year lesson for Lawson

The resumed bull market in New York and London is good news for economic analysts as well as investors. The analysts were able to forecast it, says Anthony Harris, and the Chancellor could learn from it.

FINANCIAL MARKETS are often a pain in the neck for economic analysts; for weeks, months or even years they can mock at the fundamentals in which economics deal, and go the wrong way. The irresistible rise of the dollar, until two years ago, was the most striking recent example; but history is full of them, from the Doomsday market of 1974 in London to the roaring bull market which ushered in the great crash of 1929. That is why both optimists and pessimists can always produce apparently persuasive historic examples to support their arguments. The examples are nearly always misleading.

The only reliable guide in the long run is what Kipling called "the laws of the copybook headings"—the economic laws which say that if you overspend your income, you will get into debt; that if you subsidise demand for a fixed supply, prices will go up; or that people will tend to arrange their affairs so as to minimise their tax liability.

The trouble is that in the real world these laws are often complicated and difficult to trace; and that partly for that reason, markets can often ignore them. That is why they are only a reliable guide in the long run. As at least one major market-maker in London fixed interest securities has already discovered, nothing is more dangerous than to assume that a good forecast is going to come true tomorrow.

Markets have a momentum of their own, which chartists are very god at analysing, so a feel for the market is the best short-run guide; economic analysis, which on the face of it looks much safer, is only for those with strong nerves. The rewards can be big, though. Those who took bull positions in the London equity market in November 1974, on the ground that stock relief would transform corporate finance, or were bears of the dollar 10 years later, seeing that it was absurdly over-valued, made very large profits after nerve-wracking initial losses.

Even if you are not a bold position-taker, you should find fundamental analysis of great value. Market moves which go with the fundamentals tend to go a long way, and do not reverse themselves unless the fundamentals change. Those which are driven by the weight of speculative money also go a long way; but then they unwind.

Since all bull markets attract speculative money, only economic analysis can help you to tell one from the other; and the present bull market is a copybook example. Equity prices are at record levels in London and New York, and near their record in Tokyo. Yet, the world economy is not booming and is not expected to boom. The immediate temptation is to dismiss all these bull markets as froth on the tide of Japanese and German financial surpluses driving up asset prices.

Economic analysis clarifies the picture at once. First, it is clear that even if the whole boom was purely liquidity driven it could be persistent, because there is no reason to expect that income and spending will come quickly into line. A combination of large capital flows and sluggish capital formation always drives up the price of financial assets. Because this makes capital-raising cheaper, and second-hand assets dearer, it will in the end stimulate real capital formation if all goes well.

However, those last three words beg a lot of questions. The other side of the flood of investment funds is a flood of debt. Indeed, the rise in debt can even be presented as a constructive process, like the rise in equity values. When basically strong economies, like the US, or reliable private borrowers, like British householders, borrow to spend, they help less robust debtors to meet their obligations.

Both the growth of English-speaking debt and the international bull market could, then, lead to a happy outcome; but, clearly, the risks are high. The markets know the risks; the prices of bank shares, and of the shares of over-geared US companies, reflect this, which is healthy. So also do the exchange rates of the dollar and sterling, which is not only healthy but suggestive.

What it suggests is this: that you should suppress any Germanic instinct to try to concentrate your investment in sound, debt-free, strong-currency economies. The risks you are trying to avoid are already discounted in the exchange rate. Against this, the gain in competitiveness of both American and British equity markets is not yet fully discounted; markets always seem to take some time to catch up with a change in economic fundamentals.

This suggests that if you itch to take some profits, take them in Japanese or German equities, not British or American. For bonds, the opposite rules apply. As long as the German and Japanese central banks are operating heavily in the currency markets, they are offering investors a free ride. In the end they will have to cut interest rates (raising bond prices), or let their currency rise, and will probably have to do both. Meanwhile, they are selling their own currencies cheap. Bond buyers can hardly lose, and it is clear that they know it.

(Note, by the way, that in this case the normal rule—that you can't make money out of what everyone knows — does not apply. As long as central banks are determined to make bad investments, it is open season for bandwagon-riding).

Finally, there is another reason to trust the British and American equity markets: tax reform. By reducing tax distortions — allowances available to companies but not to individuals, against tax rates which were higher for companies than individuals — our governments have largely eliminated the "equity trap" which ensured that shares traded at a discount to asset values, and have encouraged higher dividend payments. Result, as Mr Micawber would say: happiness. Memo to the Chancellor: even unpopular tax refroms are a tonic in the end.

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• MARKETS •

Oil-fired central heating

A post-Christmas cold snap, which gave Britain the shivers last week, missed London dealing rooms by a mile. There the heat was on full blast.

Refreshed by their holiday break, fund managers on both sides of the Atlantic started to commit their 1987 funds, pushing market indices to record levels. As the Dow itself broke through the 2,000 barrier, American and Japanese interest spilled over into Throgmorton Street bringing particular benefits to mainline chemical and pharmaceutical stocks.

Overseas interest ebbed slightly as the week wore on, but there were plenty of domestic buyers to take up the running. Result: the FT-100 Share index, which had been quietly edging ahead in the thin holiday trading, powered to a record 1,752.3 by Friday's close. And the 30-share which showed its best one-day gain for three months on Thursday, is sitting just 40 points below last April's high.

Underlying the institutional spree is a growing conviction that the pound will be spared its usual New Year nervousness. Sterling firmed steadily over the holiday period on the back of the stronger oil price, now bobbing around $18 a barrel. Although the pound nudged back last week against both the basket of currencies and the dollar—which was helped by the West German Bundesbank's support—most forecasters are sufficiently confident of its underlying strength to suggest that interest rates will hold their current levels, longer-term, the next move could be down—not up.

Gilt markets reflected that, longer-dated stocks have added well over a point during the week, pushing the yield on the high coupon long gilt index under 10 per cent.

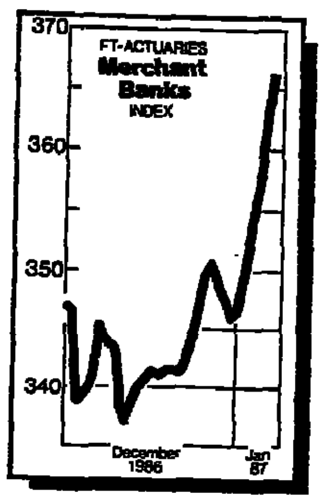
Also fuelling institutional enthusiasm is the election factor. The City refused to be down-hearted by weekend polls which gave the Tories a much slimmer lead than the 8.5 per cent margin suggested before Christmas. And warning noises about the election date from both Mrs Thatcher and Mr Tebbit were met with equal equanimity. There is a growing body of opinion which believes that inflation figures will look more attractive by the autumn. By then, too, Budget tax cuts will be telling on people's purses. So if the odds on a Tory victory look better in October, the City is only to happy to wait.

London

Nowhere can the bouyancy of market levels be more welcomed than at Hill Samuel, advisers to the Government over the British Airways float. Last week, amid fog and balloons, the pathfinder prospectus was unveiled. Not surprisingly, caution has been the watchword as far as private investor interest is concerned. Half the shares are due to be placed amongst institutions, and after deducting the overseas and employee chunks, only 20 per cent — perhaps £200m-worth — will be targeted at the UK public.

Whether the UK public will respond — so far just 250,000 have registered an interest — should depend on the price, which will not be known until January 27. But anyone with a potential interest will need to have at least £500 on stand-by —and given the potential risks overhanging the shares, should not be plundering a building society account to find it.

On the takeover front, the City's biggest concern — the £1.2bn bid by industrial conglomerate BTR for Pilkington—is now frozen until the decision over a possible monopolies reference is announced, possibly this coming week. Reasoning that the delay sounded ominous, and faced with growing opposition to the bid, hot money moved out and Pilkington shares shed 45p from their 665pp high. It could move back just as quickly.



But the Pilkington delay failed to stop the New Year from getting off to an eventful start elsewhere — particularly among financial. Crownx, a large Toronto-based insurance group which takes in Crown Life, gave operators an unpleasant surprise on Monday when it emerged as the buyer of a 14.9 per cent stake in Mercantile House. The stake was snapped up in a stock-market raid conducted by Laing & Cruickshank. Since L & C are part of the Mercantile group, investors reasoned that the buyer must be an investor only and cheerfully said goodbye to their shares at 370p. When Crownx refused to rule out a full offer for the company—and Mercantile shares stayed well above the raid price — they justifiably felt aggrieved.

Mercantile is Britain's second largest money broking business, and has already attracted a fair share of bid speculation with Quadrex Securities, the small American securities house and American Can, which is anxious to push into financial services, the rumoured predators. With profits, which rose 44 per cent to £75.4m last year, likely to fall at Mercantile in 1986-87 following sale of the bulk of its Openheimer interest, a friendly approach on the right terms might well be welcomed. The two groups met at the end of the week.

Meanwhile, among merchant banks, there is plenty afoot at Hill Samuel. First, the market got confirmation of NZI Corporation's stake. It has been a shareholder since early December, said Hill Samuel's chief executive Christopher Castleman. The interest held by New Zealand-based insurance and financial services group, where Mr Ron Brierley has 20 per cent, is below the disclosable level, but reckoned to stand at around 4.5 per cent.

Then, just 48 hours later, it transpired that Sydney-based general insurer FAI—controlled by Mr Larry Adler, an Australian financier, and his family—had picked up a 7 per cent holding.

As if that was not enough, shares in Kleinwort Benson joined the buzz—this time on rumours of Far Eastern buying —while analysts started to run their calculators over the beleaguered Morgan Grenfell. Morgan's attempts to distance itself from the Guinness affair havet come too late to protect its share price, and bid tattle has flowed.

As for Guinness itself, retrenchment was the order of the week. As chairman Ernest Saunders returned from holiday, Guinness threatened legal action if the controversial £7.6m deposited with Henry Ansbacher was not returned. Ansbacher promptly refused, raising the possibility of court action. And after a flurry of talks with non-executive directors, a full boar dmeeting has now been called for January 14.

Nikki Tait

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share*	Market price**	Price before bid	Value of bid £m's**	Bidder
		Prices in pence unless otherwise indicated.			
Barrow Hepburn	52§	57	42	17.28	Yule Catto
Berkeley Expln	61	63	56	14.89	Clyde Pet
Berkeley Expln	64*§	63	38	15.62	Ranger Oil
Bryant Hldgs	187	180½	165	188.95	Eng China Clays
Bulmer & Lumb	135 §	136	122	11.62	Allied Textile
Crouch (Derek)¶	243§	209	218	30.30	Ryan Intnl
Crusts	142‡	141	100	8.28	Kennedy Brookes
Dataserv	194	195	200	63.81	Bell South Corp
Dialene	289	280	260	11.01	Bunzl
Exco Intnl¶	296§§	289	203††	693.05	Brit & Comm
Equipu	260§	250	122‡‡	19.74	Sketchley
European Ferries	126§§	132	231	291.92	P & O
Fogarty	157†	160	97	29.25	Coloroll
Fothergill Harvey	225†§§	251	178	28.23	Courtaulds
Gates (F. G.)	120*	121	114	10.08	Giltrap Hldgs
Goldsmiths Grp	274¶	266	264	41.53	Oriflame
Grosvenor Group	125*§	128	120	7.79	BBA Group
Grosvenor Group	135†§	128	125	8.41	Hollis
Grosvenor Sq Prp	159	155	110	17.17	Assoc Brit Ports
Henera	70*	69	57	8.04	Warner-Lambert
Howard & Wdhm¶	15*§	18	20	2.74	Intermediate Secs
LCA Hldgs¶	123§	122	123	26.89	MAI
Lond & Nthn Grp	81†	77	71½	90.11	Fincorp Earl & Co
Lynton Hldgs¶	370	370	338	49.15	Prop & Reversnry
McCorquodale	303.3†§	283	258	155.45	Norton Opax
Pilkington Bros	548§ §§	621	530	1.167bn	BTR
Restmor	159	153	117	16.40	BSG Intnl
Simon Eng	280§§	307	266	172.55	Valuedale
Snowdon & Bridge	202	179	145	13.25	Fitch Lovell
Supra Group¶	91½	89	73	14.88	Evode Group
Utd Tst & Credit	545§	488	470	13.37	Somportex
Wedgwood	558	555	423	253.11	Waterford Glass
Wold¶	42	43	46	9.09	Freshbake Foods
Whitworth Elect	139	130	94	5.50	STC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 9/1/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbey Panels	Sept	1,320	(842)	32.6	(18.7)	2.4	(2.0)
Ass Newspapers	Sept	46,000	(41,900)	25.3	(18.9)	6.0	(4.25)
Body Shop Intnl	Sept	3,450	(1,927)	20.6	(10.2)	3.0	(1.5)
Countryside Prop	Sept	4,150	(2,530)	42.1	(37.1)	6.35	(5.74)
FNFC	Oct	36,400	(22,100)	27.4	(16.5)	6.39	(4.0)
Horizon Travel	Oct†	4,590	(14,490)	28.7	(20.9)	4.4	(4.4)
Horne. Robert	Sept	10,550	(8,650)	20.6	(15.9)	5.0	(3.25)
PWS Hldgs	Sept	8,450	(4,942)	21.6	(13.5)	4.0	(5.63)
Sperati, C. A.	Oct	38	(32)	24.9	(24.6)	—	(—)
Valin Pollen	Sept	2,020	(1,110)	8.8	(4.7)	1.5	(1.0)
Wardle Storeys	Aug	5,610	(4,000)	23.6	(19.1)	6.0	(5.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Carclo Eng	Sept	2,110	(1,760)	4.4	(4.0)
Hollas Group	Sept	753	(561)	1.2	(1.1)
Pepe Group	Sept	2,650	(1,860)	1.5	(1.5)
Sandall Perkins	Sept	4,720	(3,520)	1.3	(1.0)
Stanley Leisure	Oct	1,300	(1,040)	1.75	(—)
Stone Intnl	Nov	1,900L	(3,020)	1.61	(1.61)
Wassall, J. W.	Aug	3	(9)L	—	(—)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share, except where otherwise indicated. † Figures for 11 months. L Loss.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Paribas French Investment Trust—Offer for sale of 15m shares

SCRIP ISSUES

Body Shop International—One for one. at 100p.

Room to improve

THE well-documented downturn in visitors to Britain from the US has given many hoteliers a hard time, and **TRUSTHOUSE FORTE** has suffered along with the rest.

At the interim stage profits were down by nearly 8 per cent, and the full-year figures for the period to October, due out on Thursday, will also be showing the effects.

Hotel profits will have struggled to make progress. In the UK, provincial occupancy levels were up and higher room rates were achieved, but London will have been hit by the US tourism downturn.

Overseas, the US performance should be better in spite of over capacity and the West Indies should be well ahead; but hotels in the European capitals will have suffered from the shortfall in American visitors.

Better news will have come from the catering division which should produce a strong increase in profits, not least because of good growth in the Little Chef and Gardner Merchant chains. However, if property profits are down as expected, the group as a whole will barely exceed the previous year's £129.6m: forecasts are in the range of £130m to £135m.

ASDA-MFI has been a lacklustre performer since its creation in 1985, so investors will be looking for something more inspiring when the interim results for the period to November come out on Wednesday.

The furnishing parts of the division may prove disappointing. The sector generally has been dull, perhaps because people are spending more of their money on fripperies as the consumer spending boom enters maturity, so MFI and Allied Carpets are expected to show only marginal improvements.

Asda, on the other hand, should be well ahead. The combination of the own-label programme, combined with new openings and refurbishments, should have taken the division's profits forward and the period will compare with one which was depressed by the effects of price competition on net margins. Overall, then, analysts are looking for group profits of £84m to £85m compared with £72.7m last time.

DIXONS, the electrical retailer, announces interim profit figures on Wednesday and analysts expect around £41m pretax, reaching perhaps £120m for the full year. The figures reflect both traditionally strong Christmas sales and more fundamental growth.

Results due next week

Most importantly, benefits continue to be reaped from more aggressive merchandising at existing Currys outlet. Currys was taken over in 1984 and a refurbishment programme has opened up 13 per cent more selling space in its 528 shops. The recent integration of Dixons Power City discount sites with Currys is also aimed at increasing space for the Currys range of merchandise, where gains in margins have been made as Currys Matsui own range has been developed.

Dixons failed last July in its £1.82bn bid for Woolworths and it is estimated that a £12m bid cost was incurred, which will be included in the full-year figures.

Like most jewellers, **RATNERS'** profits are highly seasonal and centred around Christmas, so Monday's interim figures will reveal pre-tax profits of between £1.5m and £2m. The group is changing its year-end from March to January and its next figures, which will report on 10 months, are likely to show pre-tax profits close to £20m, up from £7.9m in the last full year.

The main boost will come from H. Samuel, which merged with Ratners in a £150m deal in May. Samuel seems to have responded quickly to the Ratners treatment, which has concentrated on changing the product range rather than revamping the shops themselves.

The result has been that sales have increased by 45-50 per cent over the same period last year. Only three months from Samuel will be included in Monday's figures.

The results will be scrutinised less for the profits figure than for news of Samuel's progress and the strength of Christmas sales.

NEWMAN TONKS forecast in March that its profits for the year to October would be at least £8.15m when it was fending off a 150p a share bid from McKechnie Brothers. When acquiring Quality Hardware of the US in December, Newman estimated that earnings per share would be 12p (12.95p previously), and that the total dividend for the year would be 7.2p (5.5p).

The Midlands-based hardware and building products company should confirm all these expectations when it reports on Tuesday. However, with not far short of £1m in defence costs to be written off, and the strong cash drain of the steeply increased dividend, Newman will count the cost of 1986 rather heavily.

Recent expansion moves into the US, paid for by a vendor placing, came after the year-end but will weigh heavily in terms of future growth prospects. Analysts will also be keen to hear whether the shareholders' register has had some of the froth taken out of it—for example, whether the Kuwait Investment Office has reduced its holding.

PARKFIELD GROUP, one of the USM's star performers, is due to report interim figures for the six months to end-October on Wednesday. Pre-tax profits for the much-enlarged group are expected to be around £2¼m.

The group was first floated in January 1981 as Parkfield Foundries and was immediately hit by the recession but its fortunes have changed since Roger Felber, a former Air Florida executive, joined the company in September 1983. He has attempted to build the group into a mini-conglomerate and six acquisitions were made during the first half.

Felber's strategy has been to expand from Parkfield's original engineering base into distribution, most notably via the purchase of Lightning, a wholesaler of cassettes, records and compact discs. Analysts will be looking to see whether the acquisition spree continues at its recent breakneck pace.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Acastos and Hutcheson	Thursday	—	—	—
Barr, A J	Monday	1.75	6.7	2.5
Bett Brothers	Friday	1.2	1.9	1.2
Fleming Claverhouse Inv. Trust	Monday	2.75	7.4	1.7
Jersey Electricity Co.	Friday	4.0	11.0	—
London and Clydeside Hldgs.	Tuesday	1.7	3.9	1.7
London Scottish Finance Corpn.	Monday	0.72	1.08	0.9
Lowe, Robert H.	Monday	—	—	—
M and G Dual Trust	Wednesday	13.2	15.55	15.65
Oakwood Group	Monday	2.0	3.0	—
Raeburn Investment Trust	Thursday	1.0	1.7	1.3
Southern Business Group	Wednesday	3.6	6.9	5.0
Sturge Holdings	Tuesday	2.0	4.0	3.0
Television South	Tuesday	2.0	6.0	—
Trusthouse Forte	Thursday	1.27	4.18	1.33
TSB Channel Islands	Wednesday	—	—	—
Wheway	Tuesday	—	—	—
INTERIM DIVIDENDS				
Asda-MFI	Wednesday	1.25	1.9	
Bespak	Wednesday	1.75	2.5	
Copson, F.	Friday	—	1.75	
Dixons Group	Wednesday	0.5775	2.4225	
Ellis and Everard	Monday	2.27273	3.63636	
Howden Group	Wednesday	0.9	2.95	
Jones, Stroud (Hldgs.)	Thursday	3.0	5.5	
Kenyon Securities	Monday	3.4	7.0	
Parkfield Group	Wednesday	1.2	2.4	
Ratners (Jewellers)	Monday	1.5	0.75	
Shield Group	Tuesday	—	—	
Stead and Simpson	Wednesday	1.1	2.45	
Symonds Engineering	Wednesday	0.3	0.6125	
Tomkins, F. H.	Monday	1.0	1.8	
Westpool Investment Trust	Tuesday	0.344	1.256	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT-SE 100 Share Index	1,752.3	+71.2	1,752.3	1,370.1	Follows intrntnl trend to record levels
Allied-Lyons	347	+24	363	252	Greenwell Montagu "buy" recomndatn
Associated British Ports	368	+50	371	186½	Property development potential
Baker Perkins	323	+88	323	214	Bid approach
Blue Circle Industries	725	+47	725	526	Adelaide Steamship increases stake
Bryant Holdings	180	+17	180	80	Increased bid from English China Clays
Clos Bros	308	+40	308	223	Cayzer family take 10.6% stake
De Beers Deferred	576	+63	576	312	CSO rough diamond sales rise 40%
Harrisons and Crosfield	498	+42	498	327	Potential takeover/assets situation
Hill Samuel	463	+63	463	325	Australasian groups acquire stakes
Jaguar	590	+55	590	335	International demand/stock shortage
Kleinwort Benson	598	+81	598	376½	Far-Eastern stakebuilding rumours
Mercantile House	395	+97	395	252	CrownX buys near 15% stake
Morgan Grenfell	402	+39	516	353	Nomura Securities bid speculation
Pilkington	626	−32	665	315	Fears of Monopolies Comm reference
Spectra Auto Engineering	91	+18	93	47	Agreed 95p per share bid from Burmah
Stothert and Pitt	115	+38	210	48	Board appointments/recovery hopes
Tenby	217	+50	217½	116	Takeover approach
Tricentrol	87	+20	150	43	Takeover speculation
United Newspapers	425	+57	425	280	Persistent support/stock shortage

Third tier risks

THE COMPANIES which surfaced on the USM on its first day of dealings were a motley crew: a motorcycle manufacturer, a trio of oil exploration companies and a brewery were among the market's pioneers. The first candidates for the Third Market, the new forum for small companies' shares which will be introduced by the Stock Exchange at the end of this month, are now emerging. Are they likely to appeal to USM investors?

Just as the USM could draw on an established pool of companies in the 300 or so businesses which traded their shares under the auspices of the Stock Exchange's Rule 163(2) — now 535(2) — so the Third Market will be able to draw on the companies which are now involved with the over-the-counter market conducted off the exchange floor.

Eventually almost all the eligible OTC stocks are expected to transfer to the Third Market; at least two will join the third tier on January 26, its first day of dealings.

Theme Holdings, which runs a group of London restaurants including Coconut Grove and Peppermint Park, will be one of the first transfers. It has been traded on the OTC market for almost two years through Guidehouse, and during that period has expanded by opening new restaurants. Profits have also grown—to £323,000 on turnover of £3m in its last reported financial year to October 31 1985 —but the shares have been sluggish, now hovering just above the issue price of 40p, thereby capitalising the company at £4m.

The second OTC emigre, DBS, has fared little better. DBS, a financial and tax planning consultancy, joined the OTC, also through Guidehouse, in July. Its shares have since risen from 55p to 57½p. The company produced pre-tax profits of £110,000 on turnover of £300,000 in the year to March 31 and is now capitalised at around £1.5m.

The pedestrian progress of both Theme Holdings and DBS on the OTC market illustrates just how sluggish the pace of trading in such stocks can be. For most investors the chief shortcoming of the market is probably its rather nefarious reputation. But liquidity is probably a more persistent problem.

From its earliest days the USM has been an illiquid

USM

UNLISTED SECURITIES MARKET

market, in which trading is sluggish and share prices volatile, but these problems are all exaggerated on the OTC. The Stock Exchange hopes that by structuring the third tier as a more disciplined market, it will stimulate demand from investors and the liquidity problem will ease. But would-be Third Market investors should brace themselves for sluggish trading.

Liquidity will be even worse among companies funded by the Business Expansion Scheme, which will be dealt on the third tier. Given that BES investors forefeit their tax relief unless they hold on to their shares for five years, the market in these stocks will be negligible.

Johnson Fry, one of the most active BES sponsors and a recent recruit to the USM, hopes to overcome this problem by securing institutional involvement in each third tier BES issue. It is considering the introduction of two forthcoming issues to the third tier: Edinburgh Tankers, a speciality chemicals carrier, which plans to raise £15m, and Croydon Cable Television which aims to find £5m.

Illiquid or not, BES investment does offer the attraction of generous tax relief and for many investors this could reduce the risks associated with speculative stocks on the third tier.

The Unit Group, a manufacturer of timber pallets, hopes to benefit from this in its Third Market issue which will double as a BES offer. The company which sports an erratic profit record and hefty borrowings has been presented to investors, by Guidehouse, its sponsor, as a stock with solid, rather than sizzling growth prospects.

Given that third-tier investment will be intrinsically risky, investors may prefer to find a little more excitement for their money.

For the more intrepid investor, Corton Beach looks rather more appealing. The company was formed less than three years ago when its chairman, Mike Keen, acquired it as a shell. After an active acquisition programme Corton Beach now sports interests in cars, good, leisurewear and entertainment. It is expected to produce pre-tax profits of £700,000 this year and will join the Third Market on January 26 as one of the larger companies, with a capitalisation of £8m.

The success of the USM has created a pool of investors who should, in theory, be amenable to Third Market investment. The third tier will, after all, offer another source of young, small companies. The only difference is that the companies on the Third Market will be far younger, smaller and much riskier than those on the USM. Will investors be prepared to run with the risk?

Alice Rawsthorn

Opec accord faces strain from high fixed prices

SO FAR, so good— for the time being that can be the only, and very tentative, judgment on the Organisation of Petroleum Exporting Countries' pact on output limitation and a fixed price structure. The immediate response has, at least, been encouraging not only to the 13 members but also to the oil industry, the US Administration, Britain's Chancellor and others with a vested interest in seeing oil prices stabilising around $18 per barrel mark set by Opec as its central reference.

The market has been sufficiently impressed by the seriousness of Opec's intent for the price of Brent, the key North Sea crude, to have climbed above $18 while the spot rate for Dubai's variety in the Gulf, one of eight chosen to make up the reference "basket," has crept to within 20 cents or so of the $17.42 set for it by Opec.

Yet considerable doubts have also been revealed on the futures market where, for instance, rates for three-months forward Brent are 15-20 cents below those paid for "prompt" wet barrels having been 50 cents above a month or so ago. That is seen as reflecting a clear perception that the accord will disintegrate.

Hopes of making the new official selling rates stick from February 1 onwards rest upon the commitment by 12 out of 13 members, to curb output to 15.8m barrels a day rather than on strict adherence to the pricing structure itself—which because of its rigidity and the lack of a proper mechanism for adjusting differentials can only undermine the whole strategy.

In practice, as Opec itself and the market know well enough, the ceiling on collective output will effectively be nearer to 16.5m b/d even if the dozen are reasonably strict in their observance of quotas.

Iraq, which opted out of the accord and rejected the 1.466m b/d quota allocated by the rest, will probably pump to the limit of its export capacity. That could mean output would rise to rather more than 2m b/d when completion of work on the pipeline across Saudi Arabia enables it to transport 500,000 b/d to Yanbu on the Red Sea.

In addition there is the 310,000 b/d of "war relief" crude from the Neutral Zone produced on Iraq's behalf by Saudi Arabia and Kuwait. Their insistence that this volume must be additional to their agreed production quotas is grudgingly accepted by others, including Iran. But Iraqi air attacks could further restrict Iran's exports and also its need to import petroleum products from Saudi Arabia as result of damage to its refineries.

Resources

The production accord, however, implicitly made allowance for the Iraqi factor and some violation of quotas—with Abu Dhabi which is generally expected to continue violating its quota. Moreover, the production pact was based on Opec experts' estimate of a demand for members' crude amounting to 17.1m b/d in the first quarter and one of 17m b/d in the second after allowing for a drawdown from stocks of 2.8m b/d and 600,000 b/d in the two periods respectively.

That margin might seem adequate but the forecast about inventories was inevitably somewhat arbitrary. All that can be certain is that, faced with fixed prices higher than those prevailing on the market, companies will accelerate the rundown of the substantial stocks built up by soaring Opec output in the summer. Resistance will be strong and test the nerves of member states.

Kuwait is known to have terminated contracts of several customers which have refused to pay the new rates. The US majors involved in the Arabian American Oil Company's operations — currently accounting for about one-third of Saudi exports — are believed to be demurring in the face of the five-month contracts proposed by Saudi Arabia and to be saying that they will only lift at official selling rates on a cargo-by-cargo basis.

Opec's pact will come under critical strain in February as members face the prospect that they will not fulfil their quotas next month if they adhere faithfully to the fixed price structure or suffer a shortfall. The diferentials agreed seem, in particular, to expose Nigeria, traditionally a weak pressure point in Opec. Abu Dhabi also looks vulnerable.

In a situation where buyers are holding off and running down inventories instead, there is a danger that the process of price erosion will set in as it did in 1982-85 progressively encouraging breaches of quotas as a rigid price structure makes it impossible for members to fulfil their entitlements. Other members may soon be regretting that they acquiesced to Saudi Arabia's insistence on a fixed price structure and did not concentrate solely on output control.

Richard Johns

A mountain no more

AT EIGHT minutes to three on Thursday afternoon, the Dow Jones Industrial Average clambered through 2,000 and paused to view the surrounding peaks. The final ascent to the summit has been easy going and the market has resembled not so much a mountaineer as a blasé tourist riding a ski-lift. In the first five sessions of the new year culminating on Thursday, the Dow rose 106.3 points or 5.61 per cent on steadily growing volume. Fifty-one more weeks like this, and the Dow will be at 7,274 by the end of the year and Wall Street will retire.

Not even the most rampant bull believes either will happen. But some people—including the chairman of the New York Stock Exchange, John Phelan—are talking wistfully of 3,500 as a level they will get to see. Since the outlook for the US economy and corporate profits is pretty dim, this is good going.

Traders on the floor were too busy handling the heavy business to celebrate much on Thursday, but there was quite a bit to celebrate. Most encouraging is the tremendous breadth of the rally.

Last year, it was the 30 heavyweight, blue-chip stocks of the Dow that led the way, rising 22.58 per cent while the broader indices, such as the Standard Poor's 500 or the over-the-counter stocks in the NASDAQ composite index lagged wearily behind.

This year, people have been buying the Dow: it rang in the New Year with a 31.36 point jump two Fridays ago and sped ahead with a record 44.91 point rise on Monday. But investors have been scooping up every stock in sight. On Friday and Monday, stocks rising outnumbered stocks falling by about nine times.

The indices tell the same story. The S & P 500 closed 6.24 per cent up in the first five sessions to Thursday, the NYSE composite 6.47 per cent, the AMEX 6.98 per cent, and the NASDAQ composite of smaller stocks, which was the laggard last year, a handsome 8.23 per cent. In the process, volume doubled from 91.9m shares on January 2 to 194.5m on Thursday.

Wall Street

The reasons are probably fairly simple. It looks like investors are just buying the equity market as a market, because other investments are unappealing. Bond yields have been low since last spring's tremendous rally and returns on cash and certificates of deposit are unexciting.

Equally, an increase in the rate of capital gains taxation this year caused many investors to try and crystallise these gains by selling out in December, which depressed the market in the last few days of the year. One investor, Allen Paulson, says he had such substantial capital gains that he was obliged to sell his 32.4 per cent stake in Wheeling-Pittsburgh, the Pennsylvania steel-maker in the throes of bankruptcy proceedings, at a whacking loss to shelter them.

These investors are now buying back in. Traders say that they are looking for value among the stocks, particularly in the over-the-counter market, which have underperformed the Dow for six months. But evidence of coincident stock selection was pretty thin.

Retail shares were strong on balance after the release of Christmas sales figures that caused the market to increase some earnings estimates. Sears Roebuck gained $1⅞ to $43⅞ on Tuesday but slipped back later to $43⅜ on 4.8 per cent sales growth. Toys "R" rose $2¾ to $31¼ on Monday after a 27 per cent jump in sales over an eight-week season. Banks were also generally healthy, although BankAmerica slid back $½ to $14⅛ on Wednesday in response to its formal rejection of First Interstate's offer.

Otherwise, the takeover activity which helped prime the market last year was almost absent. Diamond Shamrock gained $1¼ to $14¼ on Wednesday after T Boone Pickens renewed his assault on the company, this time with a cash offer of $15 a share for 20 per cent of the equity. The most important news was the announcement by Carl Icahn on Thursday that he was withdrawing his $31 a share offer for USX, a Dow constituent. While the market had suspected that Mr Icahn might have difficulty financing the $8bn offer, the price of the steel and oil company fell $¼ to $22 in active trading. Apart from abandoning USX, most arbitrageurs seemed to have had a dull week.

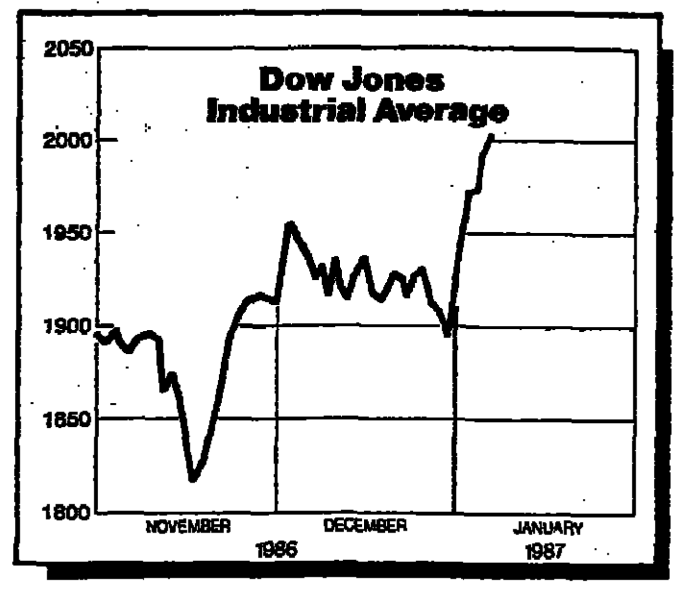
The market is divided as to what will happen next. The earnings reports for the last quarter of 1986 are likely to be too confusing to provide much encouragement, since they will be distorted by tax considerations and the spate of equity writeoffs both this time and at the end of 1985. General Dynamics said last week it would writeoff $420m or two-thirds of the price it paid for Cessna, the light aircraft maker.

While the Dow make 2,000 last week without any help from a drifting bond market, there is a general feeling that bond yields may have to fall a bit more for a solid gain in equities. The good news is that the bond market managed to sail through the release of the basic money supply figures on Thursday, which showed M1 rising at a rip-roaring annual rate of 25.6 per cent in December.

It is hard to find anybody very worried about inflation or a rise in interest rates in the short term. And while the valuation of the Dow has doubled since the start of the bull market in the summer of 1982—to a historic price/earnings multiple of 16½—interest rates have halved in that period so perhaps all is fair and shares are not expensive.

MONDAY	1971.32	+ 44.01
TUESDAY	1974.83	+ 3.51
WEDNESDAY	1993.95	+ 19.12
THURSDAY	2002.25	+ 8.30
FRIDAY		

James Buchan



Calm start to year

THE TOKYO stock market provided investors with more than its share of thrills and spills last year, so it could perhaps be forgiven for not joining the exuberant surge on Wall Street this week.

Japanese business usually takes some time to get going in a new year, as many brokers prolong holidays or spend their days and evenings paying respects to clients and attending new year parties, and there were certainly a lot of absentees this week.

On Tuesday, the market dutifully followed the strong advances in New York on Monday, and the Nikkei average of 225 shares reached a new peak of 18,936.76. But it was only a fraction of a point above last August's frenzied rise and volume was light at 460m shares compared with over 2bn on a few days in August. Then, while New York marched confidently ahead for the rest of the week, the Tokyo market dithered, perhaps because of a fresh strengthening of the dollar, perhaps because of a fresh outbreak of protectionist action in the US Congress, perhaps because no one was paying much attention. The Nikkei average closed yesterday at 18,810.36, only 100 points up on the week.

Analysts are quick to say that this uninspiring first week should not be taken as a guide to the tone for the year. Most of them remain decidedly bullish, based on expectations of a continuing large inflow of money to the stock market and the likelihood that interest rates will remain low and that Japan's domestic economy will enjoy reasonable growth.

However, there is an undertone of caution in many market forecasts for 1987, perhaps mainly to warn investors that they should not expect the Tokyo market to produce the kind of spectacular gains that were widely available last year.

Also, the weight-of-money argument may not be as strong this year as it was in 1986. Japan's current account surpluses have apparently begun to decline, which means the inflow of funds will fall too. Meanwhile, Japanese overseas investment is rising rapidly.

Net purchases of foreign securities by Japanese investors last year almost doubled to $99.4bn. While all but $6bn of that went into bonds, equities too are attracting more interest. According to the US Treasury Department, net share purchases in the US by Japanese investors in the first nine months of last year soared from $298m to $2.6bn.

For the immediate future, analysts are looking for a gradual advance, propelled largely by hopes of another discount rate by the Bank of Japan. A Nomura securities analyst was even talking this week of two possible discount rate cuts to come, even though the current rate is a postwar low of 3 per cent.

More cynically, analysts point out that leading brokers are under considerable pressure to keep the market sweet in the next few weeks for the listing of Nippon Telegraph and Telephone (NTT) shares on February 2. The first tranche of the government's 70 per cent holding in NTT was sold late last year at a price more than 100 times the company's earnings.

According to an analyst at Daiwa Securities, the consensus among institutional fund managers is that the Nikkei average will pass the 20,000 mark next month.

The question, as always, is which shares will perform well.

Among the sectors that are being talked about—and some reasons for their selection—are the following:

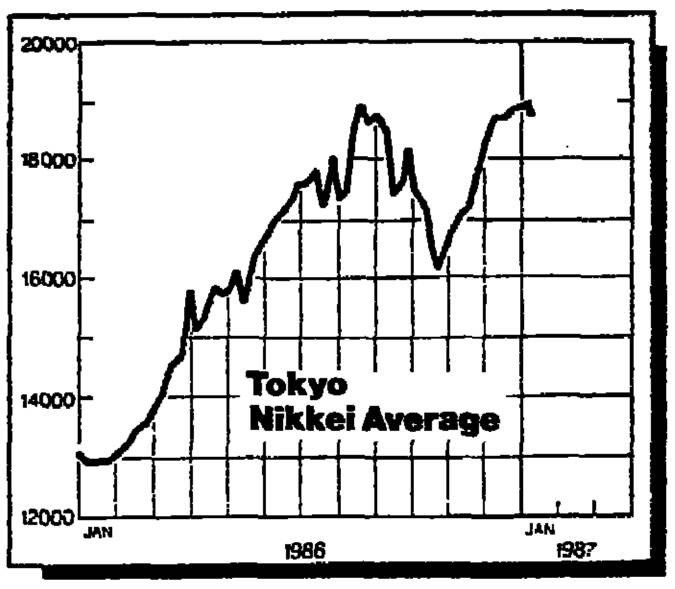
● **Blue Chips** The famous, export-oriented companies, such as Hitachi, Sony and Toshiba, have been out of fashion for some time because of trade frictions and the impact of the high Yen on their export earnings. Now, however, as the portion of their output abroad increases, their earnings should start to recover, and without causing any renewed trade frictions.

● **Pharmaceuticals** These shares had a good run late last year, and are expected to do well again this year. The government, which controls most drug prices through its buying power, has become more interested in seeing Japanese drug companies become internationally competitive, and so their profits are being allowed to improve.

Tokyo

The main theme in the market remains the restructuring of the Japanese economy. Last year, the focus was on longer-term property plays, such as the steel and shipbuilding companies. This year targetting may be more precise. For example, retailers stand to benefit immediately from proposed legislation to reduce the work week from 48 hours to 40 hours.

Ian Rodger



Cocoa price slides still further

THE New Year has done little to lift spirits in the world cocoa trade. With production still rising and consumption remaining stagnant the late 1986 price slide has continued and the price-stabilising International Cocoa Agreement (ICCA) negotiated back in July is still not ready to come into effect.

The first week of 1987 saw nearby prices on the London cocoa futures market fall by more than £30 a tonne, taking them to the lowest level since July 18—immediately after the generally unexpected success of negotiations for a new ICCA—and substantially below the ICCA's "may buy" level.

Over-production remains the basic problem. In its October market report Gill & Duffus, the London trade house, forecast that 1986-87 production would exceed demand by 62,000 tonnes, lifting the world stock level to an oppressive 690,000 tonnes — equivalent to 4½ months' consumption. "At that time many analysts thought our surplus figure was too high," says John Patrick, G & D's cocoa analyst. "But most of them now agree with us." And with crops looking rather better overall and consumption looking rather worse, the 62,000 tonnes figure could need to be adjusted upwards in the next report.

Indu Khanna of London trader G. W. Joynson attributes lower consumption expectations partly to substitution of cocoa in chocolate confectionery in the Soviet Union. This may be because of a shortage of hard currencies, she suggests. The oils used with cocoa powder in place of cocoa butter come chiefly from India, South East Asia and West Africa and can be bought with soft currency.

With the supply/demand pattern looking so bearish just about the only factor preventing the cocoa market from falling further is the prospect of support buying by the ICCA's buffer stock manager. But that prospect suffered another setback this week when a meeting of EEC commodity experts was unable to draft a joint communique giving notice to the UN of its intention to apply the pact provisionally because the necessary internal procedures had not been completed in Italy and Spain.

Commodities

For the pact to come into force at least 60 per cent of consuming country members must give notice of application, and this target cannot be reached without the EEC. A meeting of EEC ambassadors will consider the issue next Thursday but they are not expected to be able to give the go-ahead because of Italy's procedural problems.

Whatever happens it is difficult to envisage the buffer stock being operational before mid-April, says Mr Patrick. Once sufficient application notices have been received the International Cocoa Organisation (ICCO), which will operate the pact, will still have to agree the rules under which the buffer stock manager can buy and sell cocoa, he explains. Barring the completion of that process by February 1, which seems extremely unlikely, those decisions will have to be deferred until the next ICCO council meeting on April 1.

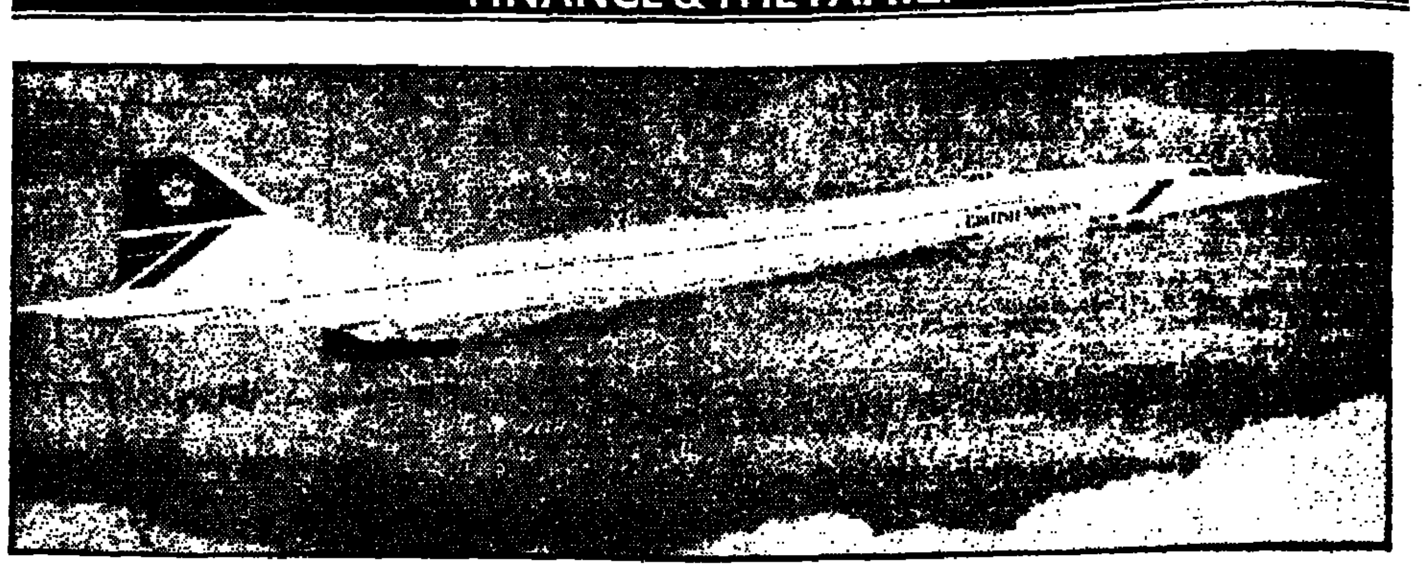
Even if all systems are go after that meeting, the Buffer stock manager (BSM) will probably want to wait for the expiry of the New York market's May position in mid-April before beginning price support buying. May's expiry will have the effect of lifting the ICCO indicator which triggers buffer stock buying and the BSM will not want to waste precious funds trying to lift the price from the lower level, Mr Patrick suggests.

When he does start buying will the BSM be able to support the market effectively? "I have my doubts," confesses Mrs Khanna—and she is not alone. "The BSM still has the problem of insufficient funding which has frustrated previous attempts to support cocoa prices," she says.

She thinks he will need more than the $240m currently at his disposal—enough to buy only about 130,000 tonnes at current prices. Unless member governments provide extra funding the BSM could soon be in difficulty, she warns.

Mr Patrick is hopeful, however, that the funding will be sufficient to steady prices, though not actually to lift them. While admitting that the BSM may well be pretty well the only buyer in the market, he thinks his purchases will be limited on a daily or weekly basis and that his continued presence will be enough to deter speculative selling when the price nears the support level.

Richard Mooney



Concorde, the flagship of BA, which helped to launch the prospectus with a flight over London on Thursday

BA takes off without Sid

Richard Tomkins looks at the credentials of the latest monolith to woo private investors

THE UNVEILING of the pathfinder prospectus for the flotation of British Airways this week confirmed that this is one privatisation not aimed at widening share ownership.

After everybody else has had their share of the issue, there is going to be precious little left for poor Sid. Investors in the US, Canada, Japan and Switzerland are expected to get up to 20 per cent of the stock; another 10 per cent of it has been set aside for employees; and nearly 50 per cent will be placed in advance with City institutions.

This means the ordinary UK investors will be left with little more than 20 per cent of the issue.

Perhaps this is just as well. John Moore, the Transport Secretary, disclosed on Thursday that only 250,000 people have applied so far for details of the offer for sale — a figure which compares with more than 6m at the same stage of the British Gas flotation.

What appears to be putting off the punters is the widespread notion that British Airways is not well suited to the small investor because of the unreliability of its profits performance and, hence, the unpredictable outlook for its share price.

The notion is not entirely misguided. The problem with any major international airline is that it has to cover the high fixed costs of employing large numbers of people and running an expensive fleet of aircraft before it can begin to show a profit. Fluctuations in revenue are therefore greatly exaggerated at the pre-tax profit line.

British Airways' profits record vividly illustrates the point. The pathfinder prospectus tells how the airline fell into losses in 1981 and 1982 as a result of world-wide recession and consequent fall-off in passenger traffic. Since then, new management under Lord King has cut costs and transformed BA into a much more efficient operation: yet, even so, it is coming to the stock market forecasting a sharp fall in profits to £145m in the year to this March compared with £195m last time.

The reason for the present year's decline is the well-documented downturn in transatlantic passenger traffic that took place in the first quarter of British Airways' financial year as a result of the Libya and Chernobyl incidents in April 1986.

British Airways responded with a vigorous marketing campaign which brought about an upturn in passenger flows; and this, combined with the fall in oil (hence fuel) prices, has brought a sharply improved second-half performance. Next year's profits should show a marked recovery, unforeseen circumstances permitting.

Those unforeseen circumstances, however, pose an ever-present threat to a company with such a high level of operational gearing. Potential hazards include exchange rates, fuel prices, economic growth rates, increased competition from deregulation, and any number of political factors such as the termination of flights to South Africa.

Investing in airlines, then, is a risky business. That said, British Airways has strengths which make it a less hazardous prospect than some. At Heathrow it has the busiest international hub in the world, its route network is second only to that of Air France, and it is a much more cost-effective airline than many of its competitors.

The risks inherent in BA's profits performance make the company quite unlike a big, safe and boring monopoly utility such as British Gas, and the Government is therefore making no attempt to use the flotation as a vehicle for introducing novices to the joys of share ownership.

TIMETABLE FOR THE FLOTATION

January 27 Impact day: share price announced.
January 30 Prospectus published in national press.
February 6 10 am: offer for sale closes.
February 11 9 am or before: allocation announced.
2.30 pm: dealings begin.
February 16 Renounceable letters of allotment posted.
August 18 Final instalment due.

More experienced investors, however, should weigh up the company as an investment in the same way as they might consider investing in any other similarly risk-prone major international company as part of a balanced portfolio. Indeed, the Government would be very disappointed if small investors did not help to buoy demand.

Incentives, though, are a little thin on the ground so far. Perhaps most significantly, there will be no special cut-price dealing arrangements for small investors of the kind which have become commonplace in earlier privatisations.

There will be a loyalty bonus of one extra share for every 10 held at the end of three years, up to a maximum value of £500 worth, but there are no alternative perks as with British Telecom and British Gas: international airline regulations forbid the offer of cut-price or free tickets to shareholders.

Payment will be in two instalments (the second in August) rather than three as with British Gas, so more money will be required up front. And the smallest size of application permitted will be for 400 shares compared with 100 for British Gas, so minimum entry costs will be very much higher.

For ordinary investors, however, the most important factor in deciding whether to go for the shares remains the price, which is yet to be announced, and the question of whether the dividend yield will be big enough to compensate for the risk.

The Government says the market capitalisation of British Airways will approach £1bn and the number of shares to be issued will be 720m. That means the price will be somewhere between 120p and 135p.

A 4p net dividend will be paid this year, equivalent to 6p on a notional full-year basis, so the gross yield range is 7 per cent to 6.2 per cent. In the absence of other strong lures to the stock, the figure looks as though it is going to have to be close to the 120p level if small investors are to be tempted.

UK unit trusts pass the 1,000 milestone

A MILESTONE in the unit trust industry was reached this week. The launch of several new funds brought the total number of UK authorised unit trusts to over 1,000. Last year, according to Planned Savings, 147 new trusts were launched raising the total to 994 compared with 432 at the end of 1980.

The boom in world stock markets in recent years has encouraged a surge of interest in unit trusts, with the number of unitholders and the value of funds under management both reaching record levels month after month. The number of unitholders has only recently exceeded the level achieved before the market collapsed in 1973-74 but the entry of several new groups, particularly the big insurance companies, has attracted an increasing number of first-time investors during the past few years.

Trusts announced this week reflected the wide variety of choice now available:

● Murray Johnstone, which describes itself as the quiet giant of investment fund managers (it has £3bn under management) launched an international growth fund called Olympiad.

"The aim of the managers is quite simple—to achieve top performance in capital growth" says the fund's prospectus. So far Murray Johnstone has five somewhat specialised funds and feels that the time is ripe for a more general international unit trust to take account of the move towards 24-hour trading and the worldwide trend towards wider share ownership.

As an indication of the group's views for 1987, initially 40 per cent of the portfolio is being put into European markets, plus 10 per cent in the UK. Japan accounts for a lowly 15 per cent, US 20 per cent, and the Far East 15 per cent. But in the second half the proportion going into the US is expected to increase substantially.

Units will be sold at a fixed price of 50p during the launch period until February 13 and if you buy via an intermediary discounts are available according to the amount invested. Minimum investment is £500.

● Dumenil is offering what is claimed to be the first UK authorised unit trust to specialise in the Spanish markets. The Dumenil Spanish Growth Fund will have an initial minimum investment of £1,000 and restrict its dealings to securities quoted on the Madrid stock exchange.

Last year Spain was one of the top performing markets giving sterling investors a return of 134.7 per cent—way above any other European market and even better than Japan with a 85 per cent increase.

● Berkeley St James's, a London-based financial services group, is offering a money back guarantee on a unit trust product launched this week, in co-operation with Cornhill Insurance and Oppenheimer. If you invest in the BSJ Stockmarket Guaranteed Portfolio (minimum is £1,500), about 65 per cent will be put into a Cornhill guaranteed growth bond and the remainder in the Oppenheimer International Growth Trust.

The Cornhill investment will guarantee that at the end of five years 100 per cent of your original investment will be repaid, while it is hoped that the Oppenheimer fund will generate the profits—although these may be limited with only 35 per cent of your money being used.

John Edwards

HENDERSON Unit Trust Management has really put the clock back. Its Best of British Trust, launched today will invest in top UK household companies. The names in the initial portfolio — Lucas Industries, Cadbury Schweppes and BP—closely resemble the prospectuses for the "flavour of the month" style of trusts of three decades ago.

But there is far more than nostalgia behind Henderson's surprising choice for its new trust. It is aiming for the first time unit trust investor, luring them away from excessive holding in building societies. Henderson feels that such investors will feel far more comfortable investing in a trust holding shares of companies they know.

To encourage the first time investor Henderson has pitched the minimum investment at £400 for a lump sum—one of the lowest in the market—and at £25 a month for regular savings.

On the other hand, Henderson feel that the trust will appeal to the sophisticated investor who more and more plans a portfolio on the lines of an institutional share portfolio.

The sophisticated unitholder will have a core UK trust accounting for a large part of his investment, with a spread of smaller holdings in the overseas and the smaller and more speculative UK holdings. Henderson is offering this new trust to fulfil the role of a core holding. However, Henderson emphasises that this is not an index fund.

The prime aim of the fund will be to outperform building society investment over the long term—not difficult under bull market conditions. But Henderson claims that the portfolio set up five years ago and left unchanged would have outperformed the FT-Actuaries All Share index—a reassuring claim for a core holding trust.

The charges are an initial 5.25 per cent with 1 per cent annual renewal charge. This is on the high side for a portfolio that will not need such close attention as less straightforward funds.

Eric Short

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
138	118	Ass. Brit. Ind. Ordinary	138	—	7.3	5.4	8.3
147	121	Ass. Brit. Ind. CULS	145	—	10.0	6.9	—
40	28	Armitage and Rhodes	35	—	4.2	12.0	4.9
71	64	BBB Design Group (USM)	70½	+2½	1.4	2.0	16.7
215	166	Bardon Hill Group	215	—	4.6	2.1	24.4
97	65	Bray Technologies	97	+1	4.3	4.4	11.5
138	75	CCL Group Ordinary	130	—	2.9	2.2	9.2
107	88	CCL Group 11pc Conv. Pref.	99	—	15.7	15.9	—
270	116	Carborundum Ordinary	270	+1	9.1	3.4	13.0
93	90	Carborundum 7.5pc Pref.	92	—	10.7	11.6	—
125	75	George Blair	91	—	3.8	4.2	2.3
97	57	Ind. Precision Castings	97	+1	6.7	6.9	8.7
176	140	Isis Group	140	—	18.3	13.1	8.0
124	101	Jackson Group	123	—	6.1	5.0	8.4
377	290	James Burrough	323	—	17.0	5.3	9.1
100	89	James Burrough 9pc Pref.	89	—	12.9	14.5	—
1035	342	Multihouse NV (AmstSE)	710	−40	—	—	37.2
380	260	Record Ridgway Ordinary	352	—	—	—	6.3
100	83	Record Ridgway 10pc Pref.	83	—	14.1	17.0	—
88	67	Robert Jenkins	89	—	—	—	3.9
45	30	Scruttons	45	+1	—	—	—
141	67	Torday and Carlisle	141	—	5.7	4.0	8.5
340	324	Trevian Holdings	324	—	7.9	2.4	6.7
79	42	Unilock Holdings (SE)	73½	−2½	2.8	3.8	13.4
119	65	Walter Alexander	119	+1	5.0	4.2	11.4
200	190	W. S. Yeates	195	—	17.4	8.9	19.5
98	67	West Yorks. Ind. Hosp. (USM)	96½	+0½	5.5	5.8	13.7

Hugo Dixon explains new borrowing opportunities

Home sweet secure home

A CHANGE in the previous restrictions on mortgage lending, announced by the Bank of England and the Treasury just before Christmas, has opened up a whole new range of possibilities for obtaining personal loans using your house as security.

The relaxation of the controls means homeowners should no longer have to pay through the nose for personal loans, or be restricted in the period or purpose for which the loans are used. In some cases the loans might even qualify for tax relief.

Under the previous rules, banks and building societies were told to make sure that, when people moved house, they used all the proceeds from selling one home to buy their new one. The only exception to this was when people found they had more money from the sale of their old home than they needed to buy the new one.

The rules also prevented lenders from persuading homeowners to move their mortgages to them by offering them larger loans. The intention was to control the money supply.

The effect was that people could have large amounts of money tied up in property but find it extremely difficult to get their hands on it.

Somebody with a house worth £100,000, for example, but an outstanding mortgage of only £30,000 did not have an easy time borrowing another £30,000. There were only two ways of doing so — neither of them entirely satisfactory.

The first involved getting a second mortgage, usually from a finance house. However, usually it is not possible to get a second mortgage unless the institution which arranged the first mortgage gives its permission. Even if it does, there is a high administrative cost in arranging such a loan and the interest rate tends to be several percentage points more than the mortgage rate.

The second method involved going to the original lender and persuading it to make a further advance. Most building societies which still account for over 75 per cent of the mortgage market, were only prepared to do this if the money is to be used for home improvements.

Faced with these problems, many people have chosen to borrow on their credit cards or take out unsecured personal loans. Not only can such borrowing be extremely expensive: the amount that can be borrowed and the period it can be borrowed for is limited.

All this has changed, or will change when banks and building societies develop products which take advantage of the relaxation of the rules. So far, though, it seems that only one lending institution, Kleinwort Benson, the banking group, has. It has two schemes.

The simplest, its Personal Financial Package, allows people to take out a mortgage for up to 70 per cent of the value of their homes or two and half times their income, whichever is less. All the money is committed in advance, but not all has to be borrowed immediately.

Somebody with a home worth £100,000, for example, would have access to £70,000. You might choose to borrow only £40,000 now and take the other £30,000 at a later date. It is only then that the monthly repayments would go up.

Only people with properties worth more than £80,000 and incomes of more than £20,000 can qualify for the scheme. They must also move their mortgage to Kleinwort, whose mortgage rate is now a competitive 12 per cent.

The Flexible Loan Account carries similar conditions, but is more sophisticated. The main difference is that, under the example above, the person with the £100,000 house would be given a cheque book with a credit limit of £30,000, which could be drawn on as and when it was needed.

Interest payments on this additional borrowing could be rolled over for five years so monthly mortgage repayments would not go up immediately. For this privilege, the borrower pays interest at 13 per cent, although the interest on the main mortgage remains at 12 per cent.

However, the borrower can choose whatever repayment schedule required. And if you chose to go into credit, you will be paid interest at one percentage point below base rate.

After five years, you would normally start repaying the additional borrowing. However, you could also roll it over for another five years and, if the home had increased in value, say to £200,000, you could ask for increase in the credit facility. In this example, if all the previous £30,000 had been used, you would be able to borrow something in excess of £70,000.

The change in the rules governing mortgage lending will not, in most cases, effect the amount of mortgage interest tax relief people can claim. Somebody with a £10,000 mortgage who increases it to £30,000, the maximum amount on which tax relief can be claimed, will still not be able to get tax relief on the extra £20,000 unless it is being used for home improvements.

However, in one important case, there will be greater access to tax relief. Somebody, for example, with a house worth £50,000 and a mortgage of only £10,000 will be able to move to an identical house worth £50,000 and increase the mortgage to £30,000. Tax relief could be claimed on the whole amount.

This tax loophole can only be used by people who are moving house and whose existing mortgages are less than £30,000. However, those that qualify can tap an extremely cheap source of finance and use it for whatever they like. Given the current market mortgage rate of 12.25 per cent, the cost of what is effectively a consumer loan for a basic-rate taxpayer would be 8.7 per cent; a top-rate taxpayer would be paying only 4.9 per cent.

PEP at a price

GARTMORE THIS week joined the growing number of companies offering a PEP (Personal Equity Plan) scheme. It does not, however, seem to be one that will win a great deal of support.

The amount you can invest is restricted to a minimum of £100 a month, or a lump sum of £1,000, and the choice of investment is also strictly limited. One-quarter of your investment will go into the Gartmore Global Fund, while the remaining 75 per cent will be spread among only four "leading" shares like Marks and Spencer or Cable & Wireless.

There is an initial charge of 5 per cent, plus an annual fee of 1.25 per cent; in addition, an unspecified dealing charge will be levied to cover dealing costs. It is, therefore, like most other unit trust group PEP schemes—an extremely expensive way of buying shares from a very limited choice.

At the same time, Gartmore plans to charge as much as £45 if you want to attend, and vote, at shareholding meetings and receive company information relating to your investment.

Peter Pearson Lund, the managing director, says its charges are competitive with other unit trust groups and based on costings. PEP schemes were not the most profitable venture under existing terms, but it was hoped their attractions would be improved in future by the Government.

Meanwhile, he added, Gartmore's scheme was a simple, straightforward plan that should enhance investment portfolios of large investors paying higher rate tax and liable to capital gains tax, as well as new savers using monthly instalments.

John Edwards

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.50	7.71	5.97	4.34	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.81	8.06	6.24	4.54	half yearly	1	2,500 minimum	0
Schroder Wagg	7.48	7.74	6.00	4.36	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	10.03	7.74	6.48	5.30	half yearly	4	—	0
10pc Treasury 1990	10.65	7.71	6.09	4.58	half yearly	4	—	0
10.25pc Exchequer 1995	10.38	7.39	5.74	4.20	half yearly	4	—	0
3pc Transport 1978-88	7.79	6.87	6.34	5.90	half yearly	4	—	0
2.5pc Exchequer 1990	8.13	7.31	6.86	6.44	half yearly	4	—	0
Index-linked 1990¶	7.67	7.08	6.75	6.44	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

The Saints Savings Scheme.

You have probably seen all the publicity for Personal Equity Plans–PEPs. But before you join a PEP, have a look at The Saints Savings Scheme.

Stewart Ivory and Company manages this Scheme to make it easier for both existing and new investors to accumulate shares in The Scottish American Investment Company, or Saints, as it is known to investors.

Better Value

The Saints Savings Scheme represents better value as you can take advantage of the present remarkable discount of 16%. You are buying assets worth 100p for 84p–and you are also receiving income on the 100p worth of assets.

Cheaper

Most PEPs are charging 3-5% when you buy. Our Scheme simply charges the purchase costs of 0.2% (plus stamp duty of 50p*).

Small Shareholders

The Saints Savings Scheme is designed for small shareholders to invest with less trouble and at a lower cost than through buying the same shares on the Stock Market.

Three Options

The Scheme has three options:

Regular Saving enables you to save regular amounts each month for investment in Saints shares (minimum amount £25 per month).

Dividend Reinvestment lets Saints Shareholders reinvest their dividends or those of any other public company in Saints shares.

Occasional Savings and Gifts allow you to contribute lump sums for investment with no upper limit.

Regular Saving

For the private investor Regular Saving is particularly attractive.

The Stock Market is volatile and you may be tempted to buy too many shares at the top of the market.

On the other hand, when the market is weak you may be discouraged from investing at a time when the greatest gains are possible.

Regular Saving will smooth out these extremes, but please note share prices can go down as well as up.

Saints also pays out quarterly dividends so that investors can see the fruits of their investment more swiftly.

Of course we do not offer all the tax advantages of a PEP, but for most savers capital gains on savings fall below the Capital Gains Tax threshold of £6,300 per annum.

In addition, although you pay income tax on Saints dividends, you are of course receiving dividends on 100p worth of assets after much lower management charges.

A lot more pep than 'PEPs'.

Annual management charges against Saints dividend income have been less than 0.5%, but most PEPs have annual charges of around 1%.

International Portfolio

Through The Saints Savings Scheme you have a simple means of acquiring a stake in a broadly based international portfolio of shares which also includes smaller and unquoted companies.

If you would like to know more about The Saints Savings Scheme, or The Saints Personal Pension Plan, return the completed coupon to us today.

Stewart Ivory & Company, Investment Managers,
45 Charlotte Square, Edinburgh EH2 4HW.
Tel: 031-226 3271.

Please send me details of The Saints Savings Scheme. ☐

I am also interested in The Saints Personal Pension Plan for self-employed individuals. ☐

Name ______________________

Address ______________________

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Post Code ______

Saints

The Scottish American Investment Company P.L.C.

*per £100 or part thereof.

Far East funds sweep board

Unit trusts performed well during 1986, particularly those from the Far East and Japan reports Christine Stopp

IN SPITE of mid-year wobbles, the performance of unit trusts in 1986 was much healthier than 1985. Far East and Japanese funds took most of the honours, with 24 out of the top 25 places in the rankings. The exception was Waverley Australasian Gold, which linked a Pacific element to the gold mini-boom of August.

Three trusts doubled unitholders' money over the year: industry top performer Legal and General Far Eastern (112.13 per cent), County Japan Growth (102.91 per cent) and Sun Life Far East Growth (100 per cent). Eagle Star Far Eastern was not far off, with 99.1 per cent. In this respect, the insurance companies have certainly taken the industry by storm. Apart from the County trust, launched in 1981, all these trusts are well under two years old.

Looking at sector performances over one, three and five years, it is striking to see how many new funds were launched during 1986 (and therefore have no one-year figure) and how many of the top performers are relatively new funds. The impression is that industry newcomers are shaking up performance. Whether the improvement will be a lasting one, or merely a widespread exercise in "ramping" new funds, only time and markets will tell.

The Far Eastern and Japanese sectors are way out ahead of the others, their bottom fund performances being in line with most sector averages. In Japan, one specialised trust, Henderson Japan Special Situations, is in the top 10, with 81.1 per cent growth, but for the most part Japan smaller companies and similar funds are at the bottom of the sector.

Likewise, the Far Eastern sector specialist trusts—South East Asia, Hong Kong, and Singapore and Malaysia—have been among the lower performing trusts in the sector.

In terms of top performances, the nearest contenders to Japan and the Far East are the Australian and international growth sectors, both with number one funds growing by more than 70 per cent. Sun Life Managed Growth lead the international growth sector, with an offer-to-bid increase of 70.2 per cent. Waverley Australasian Gold is the other number one. Both these sectors show a very wide range of performance, with bottom figures of −12.7 and −20.6 per cent respectively against averages of 24.1 and 35.4 per cent.

Europe, the darling of fund pickers for some time now, is among the top sectors, though with only the sixth best number one, Fidelity European, which grew by 64.2 per cent. The average fund performance for this sector is very high at 42.2 per cent and the worst fund, Brown Shipley Germany, grew by 17.1 per cent, just below the majority of sector averages, which are clustered round the lower twenties. Seven out of the top 10 in this sector are relatively young funds, and Barings are distinguished by having two of their funds at the top: First Europe, ranked fifth with 56.1 per cent growth, and the newer Europe trust, second with 58.8 per cent.

The single country trusts, as the position of Brown Shipley Germany indicates, have yet to make their mark. Lloyds Bank German Growth was 39th in the sector with 33.5 per cent, GT Germany 44th with 21.8 per cent, and the slightly broader Hambros Bank Scandinavian 46th with 19.7 per cent.

Other sectors with outstanding top performances were UK Growth (number one fund: Brown Shipley Recovery with 69.1 per cent growth); Mixed Income (another Sun Life fund, Managed High Yield, with 54.2 per cent); Commodity & Energy (S. & P. Exploration with 55.1 per cent) and International Income (F. & C. European Income with 47.8 per cent).

The top of the UK growth sector is dominated by Brown Shipley and FS. Brown Shipley Recovery is the sector number one, polishing up a long-term good performance record. It is 7th in the sector over three years and 15th over five. Its companion trust, the Smaller Companies fund, is at number four with 49.4 per cent growth. This trust appears to have dusted off an indifferent record: it was down in the 40s over earlier periods. Both trusts are examples of sustained or revitalised performance on old trusts, since both date back to the 1960s.

FS Balanced Growth, eighth in the UK Growth sector with 46.5 per cent growth, was launched in February 1984, and was the industry's second best performer over 1985, with 61.1 per cent. The group's younger Services Companies Fund, launched in April 1985, belies prejudice against exotic specialisation by coming second in the sector with 58.2 per cent.

The largest of the income sectors, UK Equity Income, was steady rather than spectacular. Average performance was a rise of 24.4 per cent, and there was a range of only just over 20 percentage points between the top and bottom trusts. Mixed Income offered greater things at the top end, with Sun Life again in the lead, but almost a 50-point range around the 22 per cent average.

The relatively new international income sector has only three funds with a three year performance record. There are 23 funds with a full year's record for 1986, and the sector grew by 14 funds during the year. F & C European Income (48.8 per cent) was top, and the sector leaders include two European (the other being Mercury European Income, second with 44.8 per cent), two Far Eastern, one US, two international bond and three international equity.

Disappointing sectors were the two gilt sectors, hard hit by this year's tax changes, and North America, which had a bottom performance of −12.7 per cent, and a 4.8 per cent sector average. The "funds of funds" ("Mixed Growth" in our table) number only five in the one-year figures. All the funds are closely bunched round a high 25.4 per cent average. For the remaining sectors, Investment Trust Units, Financial and Property and Commodity and Energy were reasonable to good at the top end, though there were funds which lost money at the bottom of the latter two.

In all, only 45 trusts actually lost money this year, compared with nearly 200 last, and 472 made gains in excess of 20 per cent—almost five times as many as in 1985.

FT UNIT TRUST PERFORMANCE TABLE
Performance 1.1.86-1.1.87 (offer to bid, income reinvested)

Sector	Ranking	Top and bottom funds	% change	Sector average	No. of trusts above average
UK General	1	Sentinel UK General	+42.2	+18.8	36
	90	S. and P. Scotshares	+ 6.4		
UK Growth	1	Brown Shipley Recovery	+69.1	+23.6	54
	126	3i Smaller Companies	−12.8		
UK Equity Income	1	Fidelity Maximum Income Equity	+42.2	+24.4	51
	103	SKG Income and Growth Retirement	+ 9.6		
Mixed Income	1	Sun Life Managed High Yield	+54.2	+22.0	9
	21	Lawson High Yield	+ 4.7		
Mixed Growth	1	Barrington Planned Investment	+30.7	+25.4	2
	5	S. and P. Master Fund	+21.3		
Fixed Interest Income	1	Prolific Convertible and Gilt	+17.6	+ 3.2	19
	43	Cater Allen Gilt	− 5.8		
Fixed Interest Growth	1	Holborn Gilt	+14.5	+ 4.5	7
	18	Scottish Provident Index-Linked	− 0.6		
Financial and Property	1	GRE Property Share	+39.5	+23.0	7
	15	Lawson Charlotte Square	− 1.3		
Investment Tst. Units	1	Oppenheimer Practical Investment	+36.1	+24.5	5
	8	Atlanta Fund of Investment Trusts	+ 7.9		
Commodity & Energy	1	S. and P. Exploration	+55.1	+23.0	13
	31	MIM Britannia Universal Energy	−11.1		
International Growth	1	Sun Life Managed Growth	+70.2	+24.1	64
	101	Bridge International Recovery	−10.3		
International Income	1	F. and C. European Income	+47.8	+17.9	12
	23	Waverley Assets Ginnie Mae	+ 0.9		
North America	1	Holborn North American	+26.5	+ 4.8	46
	95	Hexagon Canadian Growth	−12.7		
Europe	1	Fidelity European	+64.2	+42.2	26
	47	Brown Shipley Germany	+17.1		
Japan	1	County Japan Growth	+102.9	+58.7	25
	52	M. and G. Japan Smaller	+25.2		
Far East	1	L. and G. Far East	+112.1	+56.8	24
	53	Arbuthnot Portfolio Hong Kong	+23.8		
Australia	1	Waverley Australasian Gold	+77.0	+35.4	7
	17	Target Australian	−20.6		

Source: OPAL.

TOP 25 AUTHORISED UNIT TRUSTS
Re-invested offer to bid performance over one year to January 1 1987

Fund	Performance
Legal & Genl Far East	+112.13
County Japan Growth	+102.91
Sun Life Far East	+100.00
Eagle Star Far Eastern	+99.10
Wardley Japan Growth	+89.44
Dunedin Far East	+86.53
Cannon Far East	+86.10
Sun Life Japan Grwth	+82.35
Mercury Japan	+81.50
Henderson Jap Sp Sits	+81.13
Scottish Pacific	+81.12
Wardley Pacific	+81.08
TR Japan Growth	+79.65
Fidelity Japan	+77.86
Waverley Aust Gold	+76.94
London & Manch Jap	+76.87
MIM Britannia Japan	+76.57
Barrington Japanese	+76.36
Scot Mutual Pacific	+75.47
Equitable Far Eastern	+75.11
Murray Far Eastern	+74.25
Allied Dunbar Japan	+73.62
Henderson Japan	+72.96
GRE Pacific	+72.42
Sentinel Pacific	+72.10

Source: Opel Statistics.

BOTTOM 25 AUTHORISED UNIT TRUSTS
Re-invested offer to bid performance over one year to January 1 1987

Fund	Performance
Schroder US Smllr Cos	−3.84
F. and C. US Smllr Cos	−4.33
Framlington American	−4.38
S. and P. New Technol	−4.48
M. and G. Am Sm Cos	−4.56
Tyndall Nth American	−4.74
Wardley Small Cos	−4.92
GT US and General	−5.31
S. and P. Energy Inds	−5.69
Cater Allen Gilt	−5.86
Henderson Am Sm Cos	−5.90
Framlington American	−6.46
Scottish Nth American	−6.53
Leo Capital	−7.11
BG Technology	−7.88
Henderson Am Recovry	−10.21
Bridge Intnl Recovery	−10.32
Abbey US Emergg Cos	−10.49
Lawson Amer Growth	−11.06
LAS Nth Amer Equity	−12.47
GT Amer Special Sits	−12.55
Canada Growth	−12.72
3i Smaller Companies	−12.80
Target Australian	−20.67
Average performance	+25.04

Dunedin dealing

WHAT IS the best, least expensive, way of acquiring a share portfolio with only a limited outlay? The answer, according to the Dunedin group, is via an investment trust savings plan.

As part of the drive to win back private business, the investment trusts are subsidising the costs of the savings plan and providing a cheap entry into the stock market as a result. No charges are made, apart from dealing costs, including stamp duty, on the purchase of the investment trust of your choices at a special low commission rate and there is no minimum.

Dunedin, which was formed only two years ago by the consolidation of four investment trusts, is the latest group to offer an investment trust savings plan. Dunedin's is called the Dunedin Trust.

You have the choice of any of the four Dunedin trusts—Edinburgh, Northern American, First Scottish American, and Dundee and London. Each has a different objective: capital growth or income; and geographical base, international or domestic. The minimum outlay is a regular monthly payment of £30 or a lump sum of £250. If you plump for monthly savings then the pound cost averaging works in your favour—buying more when the share price is low and less when it is high—and you need not worry about the discount in the price of the trust compared with the net asset value.

Donald Marr, deputy chairman of Dunedin, says there are three main points that distinguish the new Dunedin Trust. One is the use of a bank nominee company (the Bank of Scotland) to hold your shares, so that you need not bother with all the bits of paper associated with shareowning.

Another is that you can sell your holdings through the Bank of Scotland at a very low rate of commission. The spread between buying and selling prices of investment trusts is very much smaller than the bid and offer prices of unit trusts.

Thirdly lump sum investments of £250 or more will be invested immediately in the trust of your choice. You can switch between the four trusts, simply by selling out one and buying another, but if you transfer your shares more than three times a year the group reserves the right to end your participation in the plan because of the costs involved.

John Edwards

Duty for tax on UK rent

If you let out your British home on going abroad, who pays the tax bill, asks Rebecca Stephens

TAXATION ON rental incomes from properties in the UK is a problem facing every landlord overseas. How much need you pay and who is liable in *your* absence?

The short answer to the latter part is that your agent is liable, as stated in Section 78 of the Taxes Management Act. An agent is anyone handling the tenancy on your behalf, and, in the majority of cases, will be your letting agent. But he might be a neighbour, happy to collect the rent and keep an eye on things for a bottle of whisky — or he might be a tenant, if he pays directly into your account. Whoever he is, he will be called upon by the Inland Revenue to pay tax on *your behalf*.

It is no surprise then, that an agent often retains monies from the landlord's rental income to cover himself.

But there are times when misunderstandings can arise when a landlord finds the agent is holding as much as 29 per cent of his gross rental income. Although the agent is within his rights, it seems difficult to see how a deduction of this amount can be justified when running costs and often large mortgage interest payments can be offset against tax.

In the event little or no tax may be called for; but it might be two or three years before an assessment is made, and in the meantime the landlord has lost access to his money.

Added to this, the agent is under no legal obligations to pay the landlord interest on retained monies which turn out not required for tax; although in most cases it is agreed that money will be held for the landlord on deposit.

Different agents, though, handle their liability to the Inland Revenue in different ways. While some insist on retaining 29 per cent of gross rental income, others, on advice of the landlord's accountant or bank tax department, are prepared to retain a more realistic sum based on an estimation of the likely tax to pay.

On the other hand some are happy to operate without retainining money at all, providing the client enters a mandate with his bank or his accountant stipulating that tax payments can be made from his account once an assessment has been made.

Another option is to maintain full control of financial affairs by allocating your spouse as your agent.

If, for example, an expatriate employed full-time overseas jointly owns a property in the UK with his wife, then his wife can be regarded as a single person resident in the UK for tax purposes, providing that she visits the UK for as little as one day in the year at a time when there is accommodation available for her use —a room in her parents' house is sufficient.

As a UK resident, she then avoids deductions for tax purposes on her half-share of the rental income until an assessment has been made—and, she can act as agent on behalf of her non-resident husband. In this way no money need be locked away for tax purposes until an assessment has been finalised.

Art appreciation

ONE OF the major difficulties faced by the small investor is that of obtaining unbiased advice. Choosing an investment advisor can be as big a gamble as choosing the investment yourself. Why not therefore, try a litle investment with pleasure?

For £1,000 you could buy a few shares in a public company, producing a dividend of about £30 a year and the hope that the shares would improve in value. You could instead purchase a thing of beauty—depending on what you find to be beautiful—and instead of the trivial £30 per year, have daily pleasure from your object and perhaps like the shares, a capital improvement in the future.

If you are positive about what you like, your daily pleasure could be assured, but the future capital value would be uncertain.

If you get pleasure from paintings, the Royal Academy offers you their expertise free each year. The 1986 summer exhibition attracted in excess of 12,500 works from artists and only 1,593 were selected to be hung in the summer exhibition. Therefore, a judgment had already been made on these exhibits by the artists' own academy and although, of course, there is no guarantee that these paintings will never lose their value, at least unbiased experts have given their approval by selecting the minor percentage to be hung in the summer exhibition.

If you want a painting by a well-known associate of the Royal Academy, the price will almost certainly exceed £1,000 and probably be several thousand pounds. But if you can only afford a few hundred pounds there is still a large choice for you if you begin your quest early enough.

The 1986 Royal Academy exhibition opened on May 31. By the end of June most of the *240 paintings and drawings in* the Small South Room had been sold. Only five of these were priced at more than £1,000; the others ranged from as low as £50, and most were under £500. There were, of course, very many paintings under £1,000 throughout the exhibition, but this particular room gave an indication of the demand for paintings priced at under £1,000 which were bought within the first four weeks of the opening of the exhibition.

If paintings have only a limited attraction for you, especially for exhibiting in the restricted space of a modern house, you might like to consider the delight of a wood sculpture.

You can get a wood sculpture for a sum between £500 and £1,000 according to the nature and complexity of the subject, and of course, you could pay more for a more complicated item. Commissions to create a particular work are usually accepted, which means it could be possible to have a carving of your pet, or a subject of your choice, taking from three to six months. Each sculpture is an original.

Of course, the future value and market for any work of art must be uncertain, and with this type of sculpture, probably lies with the existing collectors. On the few occasions that original purchasers have wished to sell their carvings, it has been found that existing collectors were prepared to offer the seller about twice the *original* purchase price some three to four years earlier.

You may be attracted to other forms of art, but you ought to do some research before you make an investment to find out if the artist's work has been recognised by unbiased authority. Visit the artist and talk to him or her about their works, and the market, if you wanted to sell an item purchased.

R. B. Cannon

Pensions plan pitfall

I am self employed and have recently arranged a pension mortgage but was taken aback when told by the life company that the pension premiums have to be paid in full and tax subsequently reclaimed — which could be one to two years later. This makes it rather less attractive. Have I been misinformed by the life company's local office?

We presume that what you mean by pension mortgage is that you effect a retirement annuity policy which qualifies for expense relief. When you retire you are entitled to take part of this as a tax free capital sum which (if it is enough) you can use to pay off the outstanding mortgage.

Retirement annuity premiums must be paid in full to the insurance company and the expense relief forms part of the computation of your tax assessment. If the insurance salesman with whom you dealt led you to believe otherwise then his advice was incorrect. The advantage however of being able to pay or part pay off an outstanding mortgage out of the tax free capital sum at retirement has an appeal to many people who would otherwise have to bear these repayments out of taxed income in their years at work when they may be hard pressed to meet children's education costs, etc. It is standard practice for any employer or insurance company paying a pension or annuity to require evidence to the effect that the recipient is still living. Different systems are used to achieve this result. In some organisations where the pension annuity is paid direct to the pensioners bank account the bank undertakes to inform the payer on the death of the pensioner thereby avoiding the need for periodic certificate of existence.

Mortgage mishap

My wife and I recently raised £30,000 through our bank by way of an overdraft secured on the deeds of our house as a form of "bridging" loan to assist my daughter and son-in-law to complete the purchase of a house after they had been misled (or *rather led down*) by the mortgagor.

The money was deposited direct with their solicitors acting in the purchase.

The interest we have suffered amounting to nearly £1,000 is being repaid to us in full by them and we are making no profit whatsoever on the arrangement.

The problem is that presumably if they claim tax relief, my wife and I will then be liable for a corresponding amount of tax:

Is there any possible way they can get MIRAS relief without my wife and I being liable for a corresponding amount of tax.

Have they any redress against the mortgagor for misleading them given the facts as detailed on the accompanying statement.

Presumably your daughter's solicitor has considered the question of legal action against the mortgagee and its nominated insurer. Subject to his or her views, we suggest complaints to the Banking Ombudsman and to the Insurance Ombudsman Bureau or other comparable body.

The interest paid to you by your daughter and son-in-law is indeed taxable in your hands (irrespective of whether they obtain tax relief for it). You are not entitled to any tax relief for the equal amount of interest paid on your overdraft.

In fact, it looks as though your daughter and son-in-law are entitled to tax relief for the interest which they have paid to you, as their solicitor will be able to confirm. They should ask their tax inspector for copies of the free pamphlets IR11 (1985) and IR63 (1986), which deal with the tax treatment of interest paid and with MIRAS, respectively. Alternatively, of course, you can obtain copies from your own tax inspector.

A day for selling

I own a small residential block, consisting of four or five tenant occupied units, and am considering offering the complete block for sale. Should this sale be satisfactorily concluded, I would be left with a capital gain considerably in excess of the present annual allowance.

Would you advise negotiating completion of the sale, of say, part of the block just prior to next April, with the completion of the remainder to follow after that date?

Would this not maximise my capital gains allowance?

It is contract day which which matters, not completion day. Section 27(1) of the Capital Gains Tax Act 1979 says "Where an asset is acquired and disposed of under a contract, the time at which the disposal and acquisition is made is the time the contract is made (and not, if different, the time at which the asset is conveyed or transferred)."

Any scheme along the lines you appear to have in mind is vulnerable to attack under Furniss-v-Dawson principles, of course. The best source of guidance through the tax maze is the solicitor who will be acting for you in the sale: all good solicitors are prepared to give advice on the tax aspects of domestic property transactions, as an integral part of their conveyancing service. The estate agent who acts for you will be able to give you an estimate of the market value of the property at March 31 1982, and to negotiate that value with the District Valuer if need be, for the purposes of indexation allowance.

Profitable hobby

I am retired and manage my personal investments as a hobby. This involves running and maintaining a computer, buying computer supplies, subscriptions to financial publications and Prestel Citiservice.

I understand that anyone who carries on a profitable hobby should declare on their tax return, the nett profit after deducting the necessary expenses, under "any other income or profits."

Dividends and capital gains are treated specifically in the tax return form. Expenses incurred in buying and selling stocks and shares are allowed, because the nett costs and proceeds are used in tax liability calculations.

There does not seem however to be any provision for claiming other expenses necessarily incurred in maximising the profit by managing the investments properly, leading to more tax being paid.

Is there any way I can claim these expenses without forming a business enterprise of the investment management, which I would think might lead to the capital gains being treated as income?

No, the rules of assessment under schedule F (UK company dividends), schedule C (interest on gilts) schedule D case III (UK interest) schedule D cases IV and V (overseas interest and dividends) and capital gains tax do not permit the deduction of such necessary expenses. By disallowing various types of expenditure under the rules of the six schedules of income tax, Parliament is able to fix the nominal rates of tax lower than would otherwise be possible. Generally speaking, cases I and II of Schedule D have the least restrictive rules governing allowable expenses.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Cheryl Taylor investigates the George Cross island

Homing in on Malta

MISERABLE JANUARY is the time most people spend fantasising about a twirl in the sun, or even perhaps, if you've enough money to spare, a sun-drenched villa in the Mediterranean.

Prospective purchasers are spoiled for choice in Spain, with new developments springing up by the bucketful along the various Costas. But, as prices there continue to rise, many British buyers are turning their backs on "paella and chips" preferring a pint at the local to a jug of sangria.

If you are considering buying a holiday or retirement home abroad, and yearn for something different, and yet somewhere a Briton can feel truly at home, then Malta might be the best place for you. Apart from anything else the island is experiencing a buyers' market at the moment, and property prices compare very favourably with the rest of Europe.

In Malta they speak a rather posh, public school brand of English, as if they had been educated at Eton, as indeed many of them have. The brave George Cross island has many nostalgic reminders of Britain. They drive on the left, swop war stories, and drink beer.

In this land of rugged charm, there are no rivers, no mountains, no lakes, and not even a railway to boast of. Nevertheless, its list of attributes are endless. The people of Malta are hospitable and sincerely welcoming, and the friendly atmosphere conquers you the moment you land.

One of the appeals of this little group of British orientated islands — Malta, greener Gozo and tiny Comino, just 60 miles south of Sicily — is their superb year-round climate. Summertime temperatures soar into the 90s, and rarely drop below 60, even in the coldest months of January and February.

Many Britons have already chosen this very friendly ex-British colony for retirement. The cost of living is among the cheapest in Europe, as is the cost of housing, and the past two years have seen inflation of less than 1 per cent, with some essentials actually falling in price. There are no rates or high heating bills to pay, and the sunshine, coupled with the warmth of its inhabitants, suggest a rather splendid way of life.

In recent years, a somewhat unpredictable political climate has not helped the island's image. Although a sizeable British community has continued to live in Malta, British tourism to the island has slipped badly over the past four years. But now that the abrasive Mr Mintoff is no longer Prime Minister, it is hoped this downward trend will be reversed. Meanwhile, although property standards remain high, prices have fallen.

The selection of property currently available is considerable. Facilities such as swimming pools and golf courses are not generally as luxurious as those on the Costa Del Sol, but prices are old-fashioned too. Apartments in desirable areas begin at around £12,000, while a mature holiday home with neatly manicured lawns will cost around £24,000.

To prevent prices rising beyond the reach of local people, property valued below £10,000 may be bought only by Maltese. However, the occasional rural stone ruin with a rambling old barn and a well, that might appeal to the more intrepid British buyer, can still be bought for below this figure provided enough money is spent on renovation to raise the value of the property above £10,000.

Maltese people tend to have large families and this is reflected in the dimensions of the property on offer. A "modest" holiday apartment costing around £14,000, in a modern block, at the edge of a beach, may have as many as four bedrooms, two bathrooms and another four balconies. And the asking prices will probably include furniture and furnishings.

For something rather more luxurious, in an elegant mansion block, with resident caretaker, marble floors and solid mahogany doors, four bedrooms, vast sunterraces, landscaped gardens and the use of a palm-fringed pool, you will need to spend about £28,000.

Harbourside properties are particularly popular with those considering permanent residence. Their proximity to Valletta, with its excellent shopping and banking facilities, is a wintertime bonus.

Prices are reasonable— £45,000 buys a very desirable residence, nestling at the water's edge, luxuriously appointed with vast rooms, spacious wine cellar, roof terrace and massive terrace, overlooking the sea.

Best of all are the old Maltese farmhouses and ancient village houses, approached down narrow, winding lanes.

A simple terraced house with thick honey-stone walls can be bought and turned into a gem of tradition and comfort for as little as £15,000 — including the cost of conversion.

The price of ready-made renovation, in the form of an old Maltese mews house, fully modernised and with room enough for a houseful of guests, with original stone fireplace, beamed ceilings, and a paved courtyard in front and pretty garden with peach trees behind, will be about £30,000.

A traditional stone farmhouse, set in an olive grove, and ripe for renovation, with solid oak beams, flagstone floors, but without essential services, will set you back anything from £20,000, depending on the condition of the property and the amount of land involved.

At the upper end of the market, a magnificent villa surrounded by vineyards and orchards of orange and lemon trees, in immaculate condition, will cost around £70,000.

British residents are welcome in Malta, and people buying a holiday home can visit the island as often as they like. Those considering retirement or making a more permanent home in Malta should apply for a permanent residence permit. This will be granted provided the owner has an annual income of not less than £4,000, or £1,500, for each person in the family, whichever is the greatest. Additionally, he must show capital valued at not less than £20,000.

Property purchase in Malta is a straightforward procedure, and should create no undue problems for purchasers, provided they engage a reputable solicitor locally. Property transfer costs should amount to about 4½ per cent of the purchase price.

When it comes to reselling, owners must offer their property for sale on the local market first, before being allowed to offer it outside the country. There is no capital gains tax in Malta. If the property is sold the owner is allowed to take out of the country the original purchase price, plus a reasonable profit

Lord it over the manor

IT IS dangerous to speculate what Beach the butler would have made of it. After half a century's continuous service in Blandings Castle, Lord Emsworth's aide could hardly approve of *temporary* country gentlemen and women. But since P.G. Woodhouse would not have permitted that stately character of his more than a slight twitch of the upper lip in reproof—and an extra glass of port in the pantry for solace—Layla and David Paterson can relax.

They enter the plot as creators of a property rental business called Blandings that fills a surprising gap in the market, and which takes its name from the country house that provided a stage for so many of Woodhouse's characters. Blandings (0453 882544), rents country houses. It has nothing quite as extensive as the Earl's castle on its books at the moment; but for those who want a manor for a week, or a full season, it provides the kind of rental service that has become commonplace in the Central London flats market.

There has not been any significant organised market for country residential property rentals before, but there is an evident potential demand for it, especially from existing or prospective country house-owners who find the costs of maintaining a sizable property all year round to be daunting; as a result, the increased turnover of larger country houses has been one of the features of the market in the past 10 years.

Estate agents have made tremendous progress in helping owners to develop income from such leisure pursuits as organising shoots and providing professional management of fishing rights. But that really works only for the owners of sporting estates (or estates that, with a little fine tuning, can be made sporting enough for the Barbour brigade); lining-up prospective tenants for renting medium or smaller sized country houses is peripheral to the agents' work. This has largely been left to the cottage rental specialists, which is where the Patersons re-enter the picture.

Their work with English Country Cottages (0328 4292) — the market leader in that end of the holiday rental business, with some 1,300 properties on its books — convinced them there was a demand for bigger houses, and that such properties would become available for rent if the scheme was presented in a watertight way.

The idea took form last year when Blandings came into being as one of the more surprising rural echoes of the City's Big Bang. Ian Stewart-Brown, a senior gilts dealer at Wedd Durlacher, sold out his partnership when the firm was bought into the Barclays de Zoete Wedd conglomerate. His golden goodbye financed the company.

The Patersons spent last summer and autumn tracking down suitable country house properties for Blandings' launch in December.

Blandings' minimal requirements for prospective house-renters reads like the ultimate wedding present list. Apart from picking only good, well maintained houses with civilised gardens, and keeping the list to properties that are not too far off the beaten track, the Patersons itemise more than 120 household "essentials" ranging from flower vases and dishcloths to picnic baskets and toast racks.

In return, owners who can either move discreetly into a separate wing of their home, or who don't need to occupy their property for a minimum of 32 weeks from March to October (less if it is a particularly fine, or especially, large house), can earn a reasonable return from rents that range from just over £100 a week to £2,500.

Take a property available to rent at between £220 and £380 a week, depending on the time of year — like East Rockwells, with accommodation for up to six people in a self-contained wing of a Georgian house at Batcombe, Somerset. If it were possible to achieve 100 per cent occupancy for the full 32 weeks of the rental season, the £9,685 gross income (after Blandings' 20 per cent commission, plus VAT) nets out to an effective income of £7,457 for the owner, or £233 a week for the season.

For its one-fifth charge Blandings handles all the rental agreements, collects the money, and sorts out all the ancillary jobs like hiring staff. You can, for instance, book to have a butler, a cook, a Noreland nanny or a chauffeur waiting for you on arrival.

Because the scheme has been grounded in the holiday rental business, the Patersons have not built any discounts for longer rentals into their calculations. But they say that such arrangements are possible; and even at the weekly rates, summer-long rents for most of the properties are not out of line with central London rentals.

At the top of the range, Cotswolds' properties like the James II House — with room for eight plus two staff — or The Old Hundred, accommodating 12 — cost £1,750 and £1,800 a week respectively. Down the size and price range, £800 in peak summer weeks would rent the eight-person Grenna House at Chilson, Oxfordshire; or its county neighbour, the Manor Farm House at Kingham, which has room for seven, plus two staff.

John Brennan

Country Property

Rentals

Arnold Wilson on the best ways of introducing youngsters to the ski slopes.

When child's play is snow fun

THERE IS something you should know if you are planning to take your young children skiing for the first time. It could be an utter disaster. It could also put you off skiing—*and off* your children—for life.

On the positive side, it is, of course, a delightful idea to take the whole family to the slopes. But you should plan for the best results. And be prepared for the worst.

There are those who favour a technique rather akin to teaching a child to swim—the simple ploy of pushing him in at the deep end. That is all very well in a warm swimming pool in Finchley Road. But when, to your considerable frustration, your child takes an instant loathing to ice and snow just because it is cold, miserable and sometimes painful to fall on, forcing him to ski is likely to be a more long-drawn-out form of torture.

The simple truth is that taking children to the mountains in winter can be a glorious success or a very unhappy failure. So what can you do to try to achieve success?

Probably the most important consideration is age: do not take a child who is too young. How old is too young? Unfortunately there is no magical cut-off point when a snivelling infant awakens as a cheerful little warrior ready to take on the world.

When I took my two eldest daughters for the first time—to Haute Nendaz, Switzerland—Melissa was seven and Samantha five. Melissa was bored and spent most of the time tobogganing at lethal speeds. Samantha was thoroughly fed up, turned blue and cried most of the time. Yet before you say "Samantha was obviously too young," she went again the following year, this time to Alpbach and Soll, and loved it. One could argue that by chucking her in the deep end the year before she was prepared for what was to come the following year. But one can't be certain. That first year could have put her off for ever.

My other two daughters Amber and Lara, both went for the first time at the ripe old age of 11 and were absolute naturals both on and off the piste almost from day one. I have no experience of boys in these matters, but a friend tells me that boys of six or seven—five at a pinch—will take to skiing, "but you have to be a bit ruthless" he admits. Despite tears and runny noses they must be sent sobbing into the snow and told "don't be *such a big baby*" *Not* every parent would be happy about this approach, but my friend swears it works.

One problem which often retards the progress of the young skiing debutant is their difficulty in hanging onto T-bars and Poma (button) lifts. *Children seem to fall off such* contraptions so easily. Try to aim for a resort with plenty of chairlifts such as Val d'Isere.

Try to spy on the ski instructor during your child's first lesson. Some of them hate being "lumbered" with children's classes and don't seem to care very *much what happens to their ten*der charges. Some won't speak any English and have been known to dump the kids half way up a mountain at the end of a lesson without bothering to ensure that parents have returned to collect them. This has led to tears on at least two occasions to my knowledge at Obergurgl (Austria).

Happiness on skis . . . but parents should be prepared for the worst.

By the time you've got your child into ski-school, you can be lucky to achieve more than an hour or so's skiing before you have to set out on your return at the end of lessons to retrieve him or her.

In spite of all the snags, however, it can all seem worthwhile at the end of the week when the entire family can ski down a blue run—or even a red—like a proud mother duck and her ducklings.

It is also encouraging to be able to ski back to your hotel rather than having to walk long distances in the cold clutching *heavy skis in wet gloves.*

Most important of all, check in your brochure to ensure that your resort has a good children's ski school, or perhaps for the very young (if you *must* take them) a proper kindergarten such as that at Flaine in France.

With a few exceptions such as Alpe D'Huez (French Alps), Bareges and St Lary (French Pyrenees) Sauze D'Oulx (Italy), Formigal (Spain), and, surprisingly, Wengen (Switzerland) all Thomson's resorts, for example, have Ski kindergartens.

Most resorts in Switzerland, *France and Spain have* "*Day* Kindergartens" but quite a few in Austria don't—including Ellmau, Kitzbuhel Lermoos, Mayhofen, Schladming, Solden, Waidring and Westendorf.

Prices vary, but kindergartens can add a hefty sum to your holiday bill. You can of course find local girls in the village to look after young children, but those arrangements can be haphazard.

It's a good idea to take two ski outfits for each child. They are liable to become extremely wet because of all the falling-over they'll be doing.

Although there are usually large reductions for children and much reduced lift-passes (if they get that far) you might feel on reflection that your child would be happier being left at home with Grandma.

Otherwise you face the *unpleasant prospect, in the* words of my friend, of "being a brute and then feeling like a real bully afterwards". But he sticks to his guns. "If you're not firm with them then no one gets any skiing and you might as well not be there!".

Among Obertauern's attractions, the snow is light and fluffy.

Shouting the virtues of a small town in Austria

Arnold Wilson finds an 'unknown' resort with everything for a fine winter break

THE SNOW was so absurdly deep in Obertauern that at one stage I became firmly wedged *up to my chest on what should* have been a steep slope but felt more like a tank of cement. Having extricated myself I fell and someone skied over me. It didn't matter. I was below the surface at the time.

The new and little known Austrian resort seems to have more than *its fair share* of snow and to be honest it is normally of the light and fluffy variety and not cement-like.

Having now made two visits I still feel it would be a shock to see the place in the summer. On both occasions the village had so much snow that its normal appearance became almost impossible to detect.

Situated on top of the old Roman road across the Tauernpass, it is a delightful, go-ahead village with a slightly eccentric but charming tourist director, Dieter Kindl. He insists that all visitors *witness a local* and somewhat chilling custom—the Mountain Yell. This is performed by Kindl himself. The origins of this phenomenon are obscure, but it has something to do with trying to have a conversation with a climbing chum who happens to be about two *miles away and cannot get to a* telephone.

Kindl lets out such a spectacular roar that you feel he will need emergency throat surgery. But he does it at least once a week as a tourist attraction with no obvious ill effects except to one's own ear drums. So far his *efforts have not caused* any avalanches.

Obertauern is some 100 km south east of Salzburg where we were flown by Austrian Airlines. The village is linked with Untertauern and Tweng a little further down the valley. It is not a vast area, but with 20 lifts, six *chairs and a cable car which* cover both sides of the valley it is ideal for beginners, intermediates and lazy experts.

I have only glimpsed the region properly once under a blue sky when it dawned on me that I'd been skiing in a beautiful resort for a week without realising it. It was as if the mist had suddenly parted in front of the Matterhorn.

Obertauern is everything you could want from a small Austrian resort. It is neither as big or pretentious as St Anton or Kitzbuhel, nor as small and obscure as one or two of *Austria's* "*two-lifts-and-that's-it*" villages.

We could have tired of our instructor but we didn't. By day he steered us through chest high snow and by night he yodelled and slapped his bass to us at his own cosy and friendly bar

He even danced on the tables at the top of the Gamsleiten chairlift where in a small intimate mountain hut he was served "chamois milk". On closer inspection this turns out to be ordinary cow's milk warmed with lashings of rum—hence the dancing.

The *off*-piste skiing is excellent, but if my visits are anything to go by they hardly need it. There is often so much snow that the whole valley seems to be one huge off-piste area.

On my next visit I must remember to pack a periscope.

Gardening

Robin Lane Fox releases long-suppressed murderous instincts

Chainsaw massacre at British Leylandii

THIS WEEK I have been realising a long-held dream. It has not been a night on a bed of orchids or a meal off rose petals or a prospect of nothing but sky-blue gentians. At last I have been able to give the fastest-growing British conifer the pruning it deserves. The chain saw went in at ground level and the bonfires are still burning.

The so-called "Cypress" Leylandii arose from a chance inter-marriage in the North of England during the 1880s. Its seedlings showed remarkable vigour and the February green branches have been growing furiously ever since. Post-war nurserymen woke up to its potential. Since the 1960s, word has been abroad that Leylandii is a quicker and better hedger than the dreaded Macrocarpa. With that view I would not quarrel. It is much hardier and much quicker to block out the neighbours and their barn conversions.

You may be surprised that I own hedges of the thing in the first place. Perhaps we are all drawn subconsciously to what we profess to dislike. After months of searching I have finally settled in a new country garden, open, inviting and asking to be gardened curiously. It has lawns, a walk through trees, an open prospect and a rampant Virginia creeper. However, they are as nothing to its dominant features—huge pyramids of unimpeded Leylandii 30 feet high after 20 year of unpruned growth.

Planters of this conifer ought to have seen these hedges before I set about them. Like Macrocarpa, which spreads sideways, Rapid Leylandii is capable of alarming height and width. The two of them were widely planted in the 1960s and will soon join the rest of that decade's legacy as children of thoughtless optimism. Plainly, the authorities have very little idea how to treat Leylandii which has run loose.

The late Mrs Fish kept some finely trimmed conifers and opined that the fast growing varieties should be lightly clipped to let in the light and stop them from dying in their centres. Evidently, she has never tried cutting a window in a great featherbed of pyramidal greenery whose centres have long since been suffocated.

What about some harsher pruning? Leylandii will shoot from wood which is up to four years old, informants told Christopher Lloyd in his Adventerous Gardener: what, though, about Leylandii which has shot up vertically for two decades? Even Christopher Lloyd left the question open. Research among my newly acquired conifers suggests that an ageing Leylandii, when decapitated in desperation, becomes a branching Leylandii with a permanently decapitated trunk.

May I recommend the Lane Fox method of pruning instead? Put the chainsaw low down on the trunk at ground level: find a skilled operator, as I did, and tell her to prove the superiority of woman by felling at least 50 metres of Leylandii a day allowing for lunchbreaks. When pruned, old Leylandii does not resprout, but when felled it bounces most satisfyingly on to old turf. It is never pleasanter than when scenting a winter bonfire with its aromatic branches.

They may make a rapid screen, but they really are too broad, too bushy and too miserably dull in their sober livery. (Not Cypressus, but Depress-Us my sawer aptly remarked before putting in the blade.) I know they grow quickly and suit people who wish to move house before too long, but please ask yourself why you prefer them to looser hedge Cotoneasters, perhaps, or even Pyracantha.

Do they, nonetheless, have uses? The bottom three feet of the trunk makes quick-burning firewood, but the dead, browned middles may help your sense of perspective. In case you think I am a tree vandal, ruthless destruction of British Leylandii is only the prelude to my encouragement of vigorous Far Eastern shrubs and trees elsewhere in the garden. How, though, can you visualise a future avenue, and rightly space the young saplings? Foresters grossly over-plant, but as I struggled with stakes and bamboo canes I still wondered if I had judged my wider distances rightly.

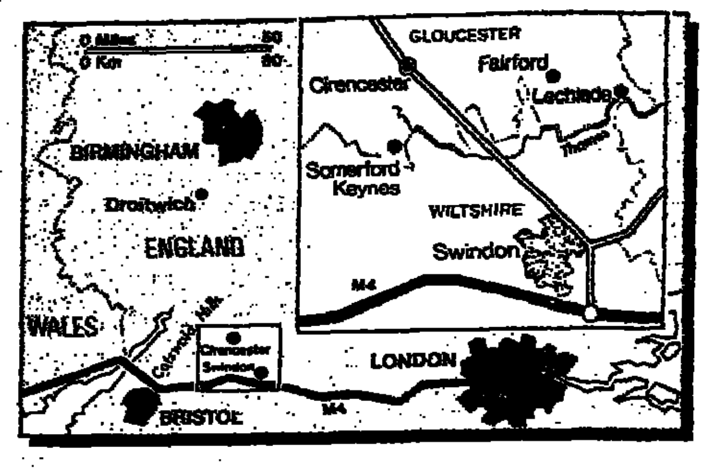
Here, the falling Leylandii came to the rescue. If you cut off the dead central branches you have a passable imitation of a young standard tree from a nurseryman in its first few seasons, and you can push the sharp end of it into the ground. While the hedging has been hitting the ground, its dead branches have been marking out my new plantation like Burnham Wood on the move.

It does wonders for your credibility. We know you like gardening, of course, my visitors have been remarking rather nervously, fearing that one of their hedges would be next for the chop, but we are so impressed with the speed with which you are planting all those trees. From a distance, I suppose, branches of dead conifers look much like a newly planted forest in mid-January. Try the experiment and you, too, may soon seem to have planted 100 new saplings while helping your eye to see straight on a winter afternoon.

Archaeology

Roman ghosts haunt the M4 route

Gerald Cadogan looks at traces of the successive generations who settled in the Thames Valley/ Cotswolds area



PIECES of sculpture that epitomise the Roman empire have just been found at Somerford Keynes, 4m south of Cirencester in Gloucestershire. It is a surprising find. From land destined for gravel quarrying have come bits of a statue of the gods Jupiter, Juno and Minerva—the Capitoline Triad whose home was on the Capitoline Hill (Campidoglio) far away in Rome.

At once, they become important evidence in explaining how the Romans bossed the Britons in the area. Their official rule (symbolised by the Triad) in the gravel lands of the Thames valley was quite different from that up in the Cotswolds, where large private country houses (villts) dominated large estates.

A team from the Oxford Archaeological Unit under David Miles is investigating Somerford Keynes, a dig that complements other extensive surveying and digging since 1980 in the Cotswold Water Park between Fairford and Lechlade. Although the team has looked for, and found, all periods from Neolithic to Mediaeval in the region, it is the Roman and Saxon discoveries that most enlarge our view of early Gloucestershire.

Cirencester (Corinium) was the second largest Roman city in Britain, and the home of a notable school of mosaicists which adorned buildings in the town and the Cotswold villas. Somerford Keynes is quite a new site where the surface was covered in Roman debris. Field walking there produced no less than 80 Roman coins, coins of the Dobunni (the pre-Roman inhabitants of Gloucestershire) and 80 brooches.

Then, digging yielded the Capitoline Triad sculpture, an eagle to identify Jupiter and a draped shield for Minerva. The sculpture probably belonged to an octagonal building that would have been a shrine. With it is a massive aisled building 40 metres long, a barn controlled by the shrine for storing something like tithes.

The Fairford-Lechlade discoveries flesh out the picture of official Roman control of the Thames floodplain. A few hundred metres above the plain, the higher gravel terrace marks the beginning of the different life of the Cotswolds, where the limestone ridges peter out.

It is on this terrace that many of the "modern" towns and villages are built, like Fairford, Down Ampney or Lechlade. The latter had Neolithic and Bronze Age inhabitants, followed by a few Romans with a villa at Roughground Farm, and then intense Anglo-Saxon occupation.

The Saxons had moved up from the wet plain to the drier ground, which needed less labour to run. The plain then became haymeadows, as pollen and seeds show. Among the Saxon flowers were oxeye daisy and yellow rattle. Not until ths 17th century was the plain drained and enclosed and used as intensively as in Roman times, although without their level of population.

The key to the Romans' success in the plain is that they took over existing (Iron Age) drainage systems, as Miles's digging at Claydon Pike, between Fairford and Lechlade, has shown. From 300 BC, people were living intensively on islands of gravel and in round houses with good, year-round pasture. They had access to the upper slopes and even obtained salt from Droitwich—proof, incidentally, that the mediaeval Salt Way along the Cotswolds is 1,000 years older than anybody thought.

Their enclosed paddocks and the many loom weights (for holding the threads taut on a vertical loom) and spindle whorls mean that these Iron Age people were the first specialist sheep farmers in the county—the beginnings of a great industry that later funded churches like nearby Fairford and many great houses.

The Romans made no drastic changes to this system but enlarged and improved it, adding an estate centre and a causeway to link what would still have been native settlements. The centre had two big barns and a shrine, like Somerford Keynes, and also a barracks, shown by a surprisingly large amount of military metalwork. This combination of mammon, god and the army survived life with the help of wine from Spain and the Bay of Naples imported in the original amphorae, which are easy to identify. (Those from Naples have black Vesuvian volcanic grits).

Just west of Roman Claydon Pike was a completely native settlement at Thornhill Farm: according to Miles, an "irregular hodge podge of kraals" inhabited by local cowboys and shepherds.

When all this evidence from extensive digging and survey is put together, we see that the Romans exploited what had already been set up, and left some bits — Thornhill Farm — to the natives. But in the 5th century the valley life ended, as settlements and drainage systems were abandoned. People settled on the higher ground at Lechlade.

The Fairford-Lechlade project shows how much history can be recovered from an intensive and well funded study of a small region, and by looking in wet ground. We may now be sure of the Romans' skill in bossing the Britons by seeing how they responded to the different challenges of a key part — the M4 belt — of the new province, where the lowland zone of the Thames valley meets the Cotswold highlands.

Gerald Cadogan

Arthur Hellyer advises on growing from seed

The germ of an idea

THOUGH a great deal of research has been carried out on seed germination, much of it concerns trees and shrubs and little has been made available to ordinary gardeners. So a photocopied document on the subject from the research department of Unwins, the Histon, Cambridge seed firm, was very welcome. Julia Kerley, who has prepared this information, is modest about, saying that her results have been interesting but not dramatic. Maybe not to her, but for me there is not a page that did not contain a surprise.

For the last few weeks I have been trying to germinate a few seeds I saved from *Alstroemeria psitticina* (or *pulchella* if you follow the new nomenclature). This is a striking herbaceous plant with crimson and green flowers and I was delighted to discover that my solitary plant was producing seed pods. I saved and sowed the seeds and, to keep them under close observation, placed them on the sunny window ledge in my office. Nothing happened and Julia Gerley makes is clear that I am going about it quite the wrong way.

What alstroemerias need, she explains, is first quite a lot of warmth, 21 degs C (70 degs F) and then three weeks of chilling in the main compartment of a domestic refrigerator. After that the seed must be returned to the warm conditions and germination can be expected in from 10 to 14 days. So my *alstroemeria* seed went above the hot-wate cylinder in the airing cupboard and then into the fridge before I left for a holiday.

I was not astonished by the *alstroemeria* information since I really had no idea what these Andean plants required. But I was completely taken aback by the Unwins advice in germinating pansy seed which I thought I understood. I have always sown pansies on the open stage in an unheated greenhouse—and thought this adequate. Not nearly enough warmth for reliable germination, according to Unwins. The temperature should be at least 21 deg C (70 deg F) day and night. My seeds may have been there or thereabouts on some days but nowhere near that on most nights. Absolute darkness also desirable so pans should be covered with tinfoil or black polythene. Thunbergia is another seed that, once sown, must be maintained in a temperature of at least 21 deg C (70 deg F).
will be lucky, in March-April, to a pity that I have briefly sumseeds, dust with seed dressing.

Germination in light or dark has always been a puzzle. Apparently, for most seeds it makes no difference but for a few it is vital. Celery, lettuce, begonia, most grasses and many conifers must have light. Aquilegia, rosemary, cyclamen,

pansy and phacelia must have darkness.

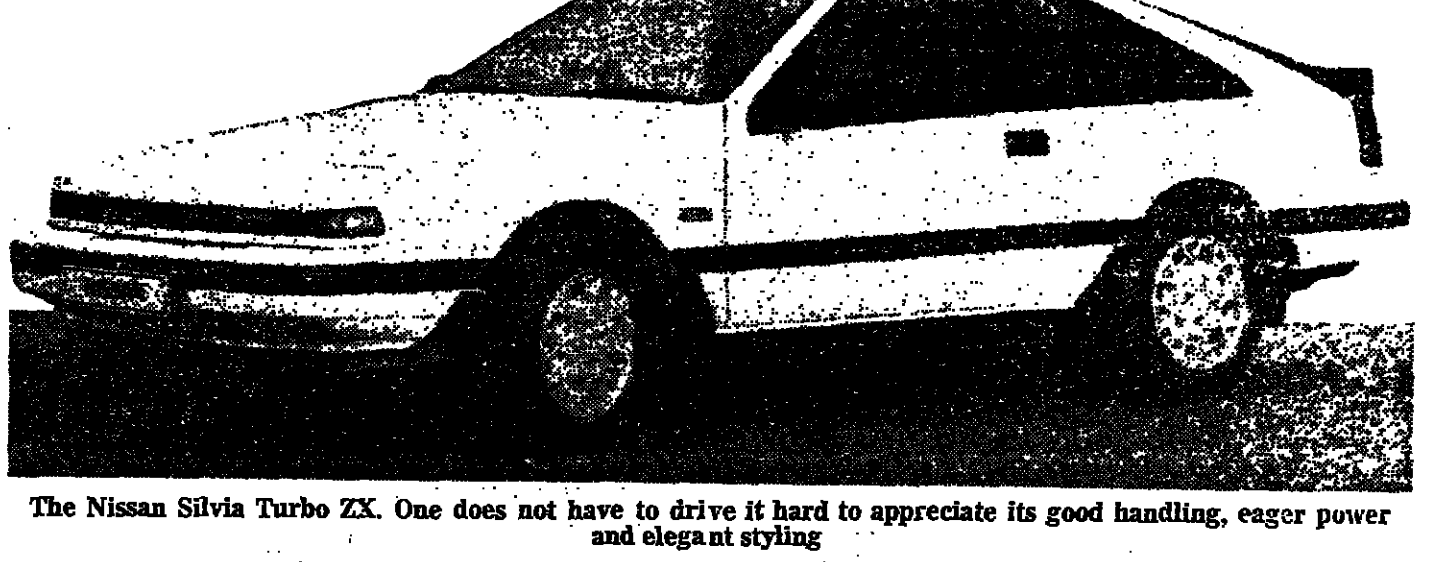
It had not realised that *Campanula isophylla*, the trailing bellflower so popular for hanging baskets, was tricky to grow from seed. Most campanulas are easy but *C isophylla* needs a constant temperature of 15 deg C (60 deg F). If it rises above this, germination is depressed. Julia Kerley recommends sowing on the surface and covering with tightly stretched polythene, cling film or glass.

With all primulas, temperatures over 21 deg C (70 deg F) will certainly slow and probably stop germination. Wild primrose will germinate more rapidly if sown in moist soil and then chilled in a refrigerator for 28 days. The seed must then be brought into a temperature of 13-16 deg C (55-60 deg F).

With all these very different requirements what are ordinary gardeners to do? Most are unlikely to possess more than a greenhouse and a propagator. The latter will probably be designed for an 18-21 deg C (55-65 deg F) range and on the bench in the greenhouse one will be lucky, in March-April, better 13-18 deg C (55-65 deg F). To provide the series of steady climates that Unwins recommend would seem impossible. However, it is helpful to know what one should be aiming for and, for very special seeds, many gardeners will be prepared to take very special measures.

Apparently, this excellent document has been prepared solely for the benefit of the press and there are no plans at the moment to make it available to the public. This seems such a pity that I have briefly summarised the rest of the recommendations.

Begonias; surface sow, cover with tightly stretched polythene, cling film or glass and maintain at least 21 deg C (70 deg F). Mixed cactus seeds; scarify seed with sand paper, maintain 21-27 deg C (70-80 deg F), remove seedlings as they appear and do not discard seed pan for at least three months. Canna; file seeds, soak in water for 24-48 hours, germinate at 21-24 deg C (70-75 deg F. Dictamnus; place seed pan in polythene bag in refrigerator and remove seedlings as they appear after five to seven months. Geranium; germinate in 21-24 deg C (70-75 deg F) and keep uniformly moist throughout. Impatiens, as geraniums, with a minimum 21 deg C (70 deg F). Lupin; scarify seed with sand paper. Sweet pea; chip dark coated seeds dust with seed dressing, germinate in 10-20 deg C (50-68 deg F). Mung beans; minimum 15 deg C (60 deg F), even at night. Tomatoes; sow 1 cm (½ in) deep and germinate in 18-21 deg C (60-70 deg F).



The Nissan Silvia Turbo ZX. One does not have to drive it hard to appreciate its good handling, eager power and elegant styling

The humdrum sporting life

Stuart Marshall explodes a high-performance myth

ONE of motoring's — and especially motoring journalism's — enduring myths is that people who buy sporty cars are mainly interested in high performance.

To read some of the specialised "enthusiast" publications, one would thing that buying decision hinge on such matters as split seconds saved in 0-60 mph acceleration times, or on whether it is easy to heel and toe the brake and accelerator pedals for double-declutched ownward gearshifts while slowing for a corner.

They do not. In the real world, many sporty coupe buyers are men — and especially women — of maturity who would not dream of driving at anything like 125 mph, even if the law allowed.

The fact that the car of their choice has been brutalised by a road tester into reaching 60 mph in a tyre-smoking (and possibly transmission busting) nine seconds leaves them unmoved. They know nothing of the mysteries of double-declutching and heeling and toeing. Many even prefer automatics.

Their plans for the new car do not include rushing up and down alpine passes. They do not intend to put 100 mph into one hour on an *autobahn*. Nor do they envisage taking B-road bends in controlled four-wheel drifts on cross-country journeys.

Nipping down to the shops, collecting a child from school, driving to the golf club or taking someone to an airport—this is what the sharp looking coupe will be used for.

But why have a car with a 125 mph potential and the roadholding to go with it when it is never going to be let off the leash? It is a fair question and the answer will displease the young and enthusiastic motorist, especially if his or her income is at the pedestrian one-litre hatchback level.

The truth is that many buyers are attracted to sporting coupes simply because they look smart and youthful and will add a little spice to the otherwise humdrum business of social and domestic motoring.

In passing, I once asked a Mazda dealer to describe a typical RX-7 buyer. Quick as a flash he replied: "A workaholic businessman trying to get his wife off his back for a few weeks." And I think he meant it.

I can see nothing improper in buying a car because one likes the look of it. That is how, for example, I buy a television or my wife chooses an automatic washing machine. Neither of us knows anything about their works. A lot of people are the same with cars. They are wholly ignorant of what is under the sheet metal, assume that it will go enjoyably and reliably and buy it because they want it.

The trend probably started in the US, where one sees plenty of far-from-sporting drivers at the wheel of Porsches, Chevrolet, Corvettes an dothers, enjoying their aura but not exploiting a fraction of their potential performance.

In Europe, the Volkswagen Scirocco was arguably the first of the sporty "personal" cars which are now pulling more and more not very price sensitive customers. Renault had this kind of buyer in mind when launching its Fuego coupes in the late 1970s. It was not a bad car but it missed its target. Perhaps it was just a bit too pretty for its own good.

The Scirocco, due soon for replacement, will be under pressure before long from Volvo's 480ES. This 2+2 is Volvo's first front-wheel driven car. It has lines that are both lithe and elegant and it performs with reasonable dash, though the sporty magazines tend to dismiss it as underpowered and look forward to the appearance of the turbocharged version. I think, though, that the 480ES will charm a lot of British buyers with its quietness, refinement and easy handling; it is due here by late spring.

For the moment, the Japanese makers are making much of the running in the personal, sporty car segment. There is the Toyota Celica GT, even the larger Supra, both power-steered and air-conditioned and most civilised to drive.

The three-litre-engined Supra is perhaps more of a luxury grand tourer than an overtly sporting car. I would gladly cross a continent in one. It is traditionally laid out, with rear-wheel drive, which is perfectly all right in a large "personal" car because there is still adequate boot space. But in more compact ones, front-drive means that sporty styling can still go hand in hand with reasonable luggage capacity.

The Celica GT shines in this respect; so does its nearest rival the Nissan Silvia Turbo ZX. With styling that is angular, though not harshly so, the scarlet Silvia I am now evaluating is an ideal personal coupe.

Its turbocharged, fuel-injected 1.8-litre four-cylinder engine produces 135 horsepower at 6,000 rmp, maximum torque (it pulls hardest) at 4,000 rpm. There is more bite than bark so the excellent radio-tape unit is usable at all speeds. The automatic transmission—three-speed with an overdrive fourth engaged by push button—changes up and down smoothly but quite eagerly. Power assisted steering is precise at speed, effortless for parking and the all-disc brakes are strong and reassuring. Despite the 60 series tyres on its alloy wheels, it does not ride badly at all and they provide masses of grip on corners.

The low seating position, long nose and steeply sloped rear window were no help in the wet and crowded pre-Christmas shopping streets but then one cannot have everything. Golf clubs are swallowed easily by the wide boot; a single lever by the driver's side opens both tailgate and fuel filler flap. The heating/ventilation system makes the interior comfortable a couple of minutes after cold starting; and the fuel consumption is much better than I had anticipated.

Many of the Silvia's runs have been short and in traffic. Even so, it is showing around 28 mpg and the official figures suggest that well over 30 mpg should be possible on a longer journey at near to legal cruising speeds.

Power steering is part of the package at £[illegible], automatic transmission a reasonable (£[illegible]) and worthwhile extra. Higher gearing makes the two-pedal Silvia hardly any thirstier than the five-speed manual version.

BRIDGE

TWO DEALS from recent rubbers show clearly the difference between real technique and run-of-the-mill play. Let us look first at Short-sighted:

N
♠ 5
♥ A K 7 2
♦ K 8 7 5 4
♣ A 10 6

W
♠ K J 8 2
♥ 10
♦ Q 6
♣ Q J 9 8 3 2

E
♠ A 10 9 3
♥ Q 9 5
♦ J 10 9 3
♣ K 7

S
♠ Q 7 6 4
♥ J 8 6 4 3
♦ A 2
♣ 5 4

With both sides vulnerable, North dealt and opened the bidding with one diamond. South replied with one heart, and went on to four hearts after a double raise from his partner.

West started with the queen of clubs, which was taken by dummy's ace, and East followed with the seven — he could not afford to unblock with his king. The declarer cashed the ace of trumps — so far, so good — but he continued with the king, which was a very bad mistake. A good shepherd looks after his sheep — here the diamonds — before he indulges in any reckless drawing of trumps. When West discarded on the second round of hearts, South turned to diamonds, cashing ace and king, but when he ruffed a third diamond, West again showed out. The writing was on the wall, and the contract was defeated.

Let us replay the hand. After drawing just one round of trumps, we cash ace and king of diamonds, ruff a low diamond in hand, and return a spade. It is still too early to draw a second round of trumps. East wins, cashes the king of clubs, and leads a spade, which is ruffed on the table. Another diamond is ruffed in hand, and now we cross to the king of hearts and play the established eight of diamonds. East can ruff with his queen of hearts or make it later — there is no other trick for the defence.

Now we study excellent defence in Far-sighted:

N
♠ K J 6
♥ A Q
♦ Q 7 6 2
♣ 9 8 6 2

W
♠ Q 7 4 2
♥ 10 9 6 2
♦ 5
♣ Q 10 5 4

E
♠ 10 9 8
♥ K 7 4 3
♦ K J
♣ A K J 7

S
♠ A 5 3
♥ J 8 5
♦ A 10 9 8 4 3
♣ 3

With North-South vulnerable, East dealt and bid one club, South overcalled with one diamond, West said two clubs, North jumped to four diamonds, and South's bid of five diamonds brought the auction to a close.

West started off with the four of clubs, and the king won. Your average East without a thought continues with another club, and the game is lost. Declarer ruffs, cashes the ace of spades, enters dummy by finessing the knave, and ruffs another club. He cashes the ace of diamonds, crosses to the king of spades, and ruffs the last club. Now East is thrown in with a diamond, and forced to lead into dummy's heart tenace.

But this East looked deep into the position, and at trick two returned the ten of spades. The declarer could ruff two more clubs, but he lacked an extra entry, so the elimination could not be completed, East escaped the endplay and South had to lose a heart.

Would you have played the ten of spades — honestly?

E. P. C. Cotter

CHESS

WORLD chess champion Gary Kasparov played his first tournament for three years at Brussels last month, and added another impressive victory to boost his chances of catching Bobby Fischer in the all-time ratings.

Kasparov won by a comfortable two-point margin over ten rounds, despite an early defeat from Britain's 21-year-old Nigel Short. Short, who at that stage looked like making a race of it with the champion, faded badly and lost his last four games, so it was the veteran Viktor Korchnoi who achieved second place. Final totals were Kasparov (USSR) 7½/10, Korchnoi (Switzerland) 5½, Nunn (England) and Hubner (West Germany) 5, Short (England) 4, Portisch (Hungary) 3.

During his marathon matches against Anatoly Karpov, Kasparov began to refer to the ex-champion as "my perpetual opponent" and expressed a strong desire to return to normal tournaments. It was a coup for Ohra Insurance, who sponsored the elite Brussels event and also backed a summer congress in Amsterdam to provide Kasparov with such high calibre opposition. The average rating of the six competitors was 2636, which puts Brussels Ohra among the strongest tournaments ever staged.

Interviewed last year, Kasparov dismissed Short's chances of an eventual title challenge as negligible. The gist of his criticism was that the young Briton, despite natural talent, was a lightweight who lacked the serious approach of Soviet rivals like Yusupov and Sokolov. In that context, the Brussels game where Short beat the world champion could have meant a major status gain.

Anatoly Karpov in his title years used to play specially hard against opponents who had beaten him in their previous encounter. The Kasparov-Short return was in this tradition: the 21-year-old British GM's opening novelty misfired, Kasparov broke through energetically in the centre, and the white pieces combined for a decisive attack in the style of Kasparov's hero, the great Alekhine.

White: G. Kasparov (USSR). Black: N. D. Short (England).

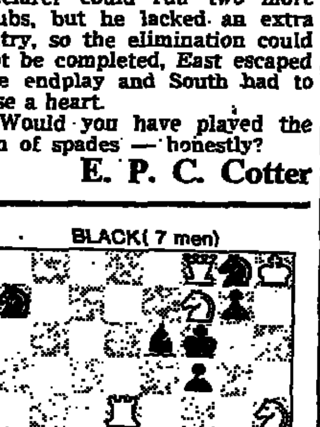
Queen's Gambit Declined (Brussels Ohra 1986).

1 P-Q4, P-K3; 2 N-KB3, N-KB3; 3 P-B4, P-Q4; 4 N-B3, B-K2; 5 B-N5, P-KR3; 6 BxN, BxB; 7 P-K3, O-O; 8 R-B1, P-B3; 9 B-Q3, N-Q2; 10 O-O, PxP; 11 BxP, P-K4; 12 P-KR3, PxP; 13 PxP, N-N3; 14 B-N3, B-B4; 15 R-K1, B-N4?

In game 22 of the Leningrad world title match, Karpov chose P-QR4; 16 P-R3, R-K1; 17 RxR ch, QxR; 18 Q-Q2, N-Q2; 19 Q-B4, B-N3? and lost. Better was 19... B-K3, or perhaps earlier 15... Q-Q2.. Short's novelty drives off the white rook but weakens Black's own central square control.

16 R-R1, N-Q2; 17 P-Q5! R-B1; 18 N-Q4, B-N3; 19 N-K6! PxN; 20 PxKP, K-R2; 21 QxN, Q-N3; 22 P-K7, KR-K1.

BLACK (7 men)



WHITE (8 men)

PROBLEM No 654

White mates in two moves, against any defence (by E. van Gool, 1972). White's half-battery of rooks and bishop on the long dark diagonal indicates a rook move as the key. But which rook to which square? It sounds simple, but the problem won first prize from a Dutch magazine and a judge even warned solvers against attempting it from the diagram without board and men.

Solution Page XVII

Leonard Barden

Les Adieux de Telemaque et Encaris — Jacques Louis David (1748-1825)

Laughing all the way to the bank

Saleroom

Antony Thorncroft foresees another successful year ahead for London's major auction houses

MOST PEOPLE would like to struggle with the problems of success, so there will be few tears shed for Sotheby's and Christie's as they enter a New Year pre-occupied with how they can possibly match in 1987 their achievements at the rear end of 1986. In the autumn the art markets went slightly mad, with £80m being paid for Impressionist and modern pictures in London in just one week. Suddenly, buying art was the smart thing to do if you were a Japanese millionaire sitting on a pile of appreciating yen, or a socially upwardly mobile American tycon.

Somehow the main auction houses, with their in-built expertise, sophistication and contacts, manage to flatten the obstacles in their path. A year ago they were very worried about controls over some of their quaint old-fashioned practices — like taking bids "from the chandelier" when there were no actual buyers in the saleroom — from local authorities in Westminster and New York. But the threat has now receeded, and any changes in their auctioneering techniques have been extremely modest.

Christie's still faces a tricky court case in New York where Mr Jodidio is suing it for many millions (it opens on Monday), but if it can survive this its prospects for getting through 1987 without an unwelcome take over bid look brighter than they did twelve months ago. This is mainly because of its successful autumn (sales up 23 per cent), which has pushed up its share price and made the company worth £120m. Since its realisable assets are valued at around £40m, it would be a bold entrepreneur who saw the means of making £80m just from its reputation.

Still, Phillips, the third London auction house with a turnover in 1986 of £62.7m, is waiting in the wings, convinced that it has a perfect fit, with its string of 15 provincial salerooms, to match Christie's with its powerful London-New York axis. On the surface it is a presumptious suitor (Christie's had a turnover of £208.6m from the autumn alone), but having put down his marker, Mr Christopher Weston, chairman of Phillips, is prepared to wait.

In the meantime he is pushing ahead in three particular areas — contemporary art, especially those British artists of the past two decades who have not previously been sold through auction; jewellery, which is experiencing a boom; and stamps, which has picked itself up strongly enough in the past year or so to tempt out sellers. Phillips is also pioneering a series of quarterly piano sales at its West 2, saleroom, with uprights on offer at £350, and baby grands at £5,000.

But it is Sotheby's which holds the pole position. The advent of Lord Gowrie as its London chairman should improve its already good contacts with prospective rich sellers and buyers, and although it cannot actually go out and murder rich collectors, enough of them seem to be dying on cue to keep the goodies coming in.

Next week it has an excellent Old Master sale in New York with a very pretty Boucher which once graced the collection of the late Antenor Patino, and that rarest of rarities, a Botticelli. It is a tiny painting, just 18 by 14 inches, too small perhaps to show off in a museum, but Sotheby's estimate of $500,000 looks much too cautious. Estimates these days are invariably too low when real masterpieces come on to the market.

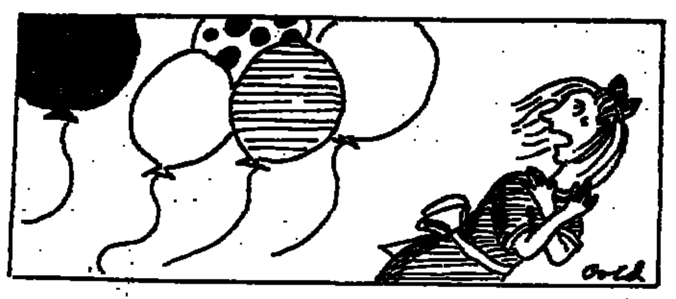
Sotheby's blockbuster arrives in February when a rare painting by the French artist David, "The farewell of Telemachus and Eucharis," comes under the hammer. It is of superb quality, should have the museums competing wildly, and could well sell for over $5m. Two other collections will rake in the millions — the Jeanson Library of books on hunting, the finest of its kind, and the Duchess of Windsor's jewels. The £5m estimate on these looks very modest.

While the world's stock markets boom; while sales continue to be held in cities with relatively weak currencies — London, New York, Hong Kong — and buyers come from countries with strong currencies — Japanese, German, Swiss; while the Conservatives look set at least not to lose the next election, the prospects for the auction houses are bright. Perhaps it will be the year of at least one takeover, and Bonhams is believed to be in the market; perhaps, after the summer break, the economic prospects will look less rosy. But while there is plenty of cash whirling around, and the number of the finest works of art coming on to the market get steadily fewer, prices seem bound to rise and the auctioneers' smiles widen.

Fear and loathing

Phobias

Joy Melville reports on the things that frighten people : doll's eyes, balloons, rhubarb leaves, honey . . .



LIFE MUST be very difficult if you have geniophobia (a fear of chins); or linonophobia (a fear of string) or clinophobia (a fear of going to bed). These are just three of the 150 or so phobias listed in medical textbooks—though there's no sign of the one that Robert Benchley claimed he suffered from—kneebophobia—which he said was fear of his knees suddenly bending the wrong way.

Some people suffer from really unusual phobias: indeed, almost any object or situation frightens someone. One man I came across had a deep fear of rhubarb leaves. Another man with haphephobia (a fear of touching or being touched) used to go round London with a rucksack, which he carefully used as a barrier between him and other people.

The more bizarre phobias may seem ludicrous, but they are serious enough to those who have them. One of these is a fear of balloons. A woman with this particular phobia said that Christmas parties were a nightmare. She actually knocked herself unconscious once in a hysterical attempt to get out of a ballroom on New Year's Eve, when she was caught unaware by balloons floating down from the ceiling.

A male balloon phobic actually went for treatment when he became engaged, knowing he might be faced with balloons in the forthcoming parties: by the end of the treatment he could tolerate about 90 balloons being blown up and burst around his head.

This phobia seems ordinary alongside others that people have suffered from. Sir Richard Burton, the Victorian explorer, for instance, had a fear of honey. His wife said, in his biography, that he "could not sit in the room with honey and knew even if it was kept in the most secret drawer or cupboard."

It's a mystery as to why some of these stranger phobias ever started. What, for instance, makes one phobic fear dolls? ("They terrify me, especially the eyes. And this also applies to tailors' dummies, ventriloquists' dolls.") Or churches? ("Nothing will stop me being frightened of them, especially at night, or if you don't know that they are there.") Or traffic lights? ("Confronted with them, I just die and cannot move one foot before the other; and will go the longer way around to avoid them.") Or canal locks? ("I came across one by accident the other day, and I couldn't move; I just stood there and sweated and shivered.")

Even if you do know the reason for the phobia, it doesn't necessarily help overcome it. One person with a fear of creeper plants knew that this started after getting caught in a tunnel of creepers in a wood; but still avoids them and won't pass plants like old man's beard.

By the side of these, a phobia about fire seems quite tame. But it can still be pretty disruptive. The obituary of one New Yorker cartoonist, who had this particular phobia, listed the precautions he used to take: "On a few occasions when he planned to visit a friend in an apartment building new to him, he went so far as to secure copies of the blueprints of the building and ascertain the position of its fire escapes.

"During the past ten or 12 years he enjoyed many happy times in a club in midtown that had, for him, the cardinal advantage of possessing a broad flight of stairs leading down to the street. At monthly meetings, he would stroll about sipping a Martini and chatting animatedly with friends, at the same time keeping an eye on the front door."

A fear of water can be equally complicated: one such phobic cannot even bath her child without panicking; while another, if she takes her children to the sea, has to sit far away from it facing in the opposite direction.

Rare fears like these provoke amazement rather than sympathy. But the phobics have one consolation: that at least they are only suffering from monophobia (fear of one thing) rather than panophobia (fear of everything).

William St Clair reflects on the enduring popularity of Robert Burns

Auld acquaintance not forgot

SCARCELY have the strains of *Auld Lang Syne* died away than Scots round the world prepare to celebrate the anniversary of January 25. It is just 200 years since Robert Burns left Ayrshire to seek fame and fortune in Edinburgh. He was in financial trouble and was thinking of emigrating and had never before been outside his native county. By the spring of 1787 he was the national poet of Scotland, and and he now admired and adored in every country of the English-speaking world with the possible exception of England.

Poems Chiefly in the Scottish Dialect was first printed in Kilmarnock in 1786 in an edition of 612 copies. It was not published in the modern sense but sold by subscription to local friends and well-wishers who promised the printer that they would buy copies—350 subscriptions were needed to make the project viable and it is evidence of the astonishing impression that Burns had already made that they were quickly obtained.

The Kilmarnock Burns has since attained something of the status of a national relic. Cooper Hay Rare Books, 203 Bath Street, Glasgow (041-226-3074) has a copy for sale at £10,000. The book has been reproduced in facsimile several times, and some people who believe they have one on their shelves are destined to disappoint their heirs.

The Edinburgh edition of 1787 was also published by Burns himself with the help of a literary agent. The list of subscribers' names which this time is printed in the book is a *roll call of the Scottish* establishment and the Scottish Enlightenment. It includes that well-known Commissioner of HM Customs, Dr Adam Smith.

In the haste to get the edition out nearly 300 misprints slipped through. The sheets were soon corrected, but as a result there are two distinct versions of the Edinburgh Burns which are known as the stinking and the skinking. In the poem *To a Haggis* the Edinburgh printer misread the unusual word—or thought he knew better than the *author—and changed the sense.* Skinking is a kind of soup. I found it on the menu in a Scottish hotel a few years ago and it tasted and smelled rather good.

The third edition printed in London in the same year was set from the stinking version. It was the first to be regularly published. Demand was brisk and the publishers were able to raise the price. Burns poems have never since been out of print. The poet however did not benefit financially. He foolishly sold the copyright to his agent and the immense profits of his fame went elsewhere.

The Scots are sair fashed when they canna dire aff the braid lallans. A rich linguistic tradition is disappearing fast and it is pointless to attempt artificial resuscitation. Much of it was already lost by Burns's day. Even the Kilmarnock edition has a glossary and the Edinburgh edition is a longer one. But it is wrong to think of Burns as an ignorant ploughboy inspired solely by nature and native genius. He was a man of considerable reading and he could write metropolitan English, prose and verse more *accurately* than most sothrans. Part of his appeal was always nostalgia for a simpler past, to be mourned but not to be envied, let alone recreated.

When Burns was famous he made journeys all over Scotland listening to folk songs, recompleting fragmentary verses and putting words to tunes that had lost them. It is to one of those rescue missions that we owe *Auld Lang Syne* which in its present form is almost entirely by Burns although he modestly disclaimed credit. I cannot believe many people linked arms to sing another version which was current at the time:

Should auld acquintance be forgot
Tho' by return with scars
These are the noble hero's lot
Obtained in glorious wars . . .
Methinks around us on each bough
A thousand cupids play
Whilst thro' the groves I walk with you
Each object makes me gay.

As a famous poet Burns *walked in two worlds and he* saw the merits and faults of both. The honest and equality which so much of his poetry celebrates are, however, out of fashion in the 1980s.

His message has always been an unfortalle one for the unco guid. A friend of mine tells a story of attending a Burns night supper at the other end of the world. A tall black Fijian rose to propose the immortal memory. "You may be surprised to learn," he began, "that Scottish blood flows in my veins. But it is true. One of my ancestors ate a Presbyterian *missionary.*"

Admired and adored: Robert Burns

Queen Victoria's plan to bring science, art and industry closer is still being implemented. Simon Tait gives a progress report

1851 spirit lives on

IT SEEMED like some glorious anachronistic blunder. "EYE FOR INDUSTRY. Royal Designers for Industry 1936-86 . . . organised by the Royal Society *of Arts . . . in association with* the V & A . . ."—and "financially assisted by . . . the Royal Commission for the Exhibition of 1851."

The what? when?

No, it isn't a mistake. The Royal Commissioners have stumped up £10,000 for the V & A exhibition which is now on—and not from some beyond-the-grave trust. The 1851 Commissioners are alive and well and living in a couple of rooms in the Imperial College of Science and Technology in South Kensington, of which they happen to be landlords.

Anthony James, the Commission's secretary, almost blinking in the unfamiliar light, of publicity, confirmed that it was the same Commission: "They saw it as wholly appropriate that they should assist this exhibition, it is entirely within their sphere of interests even though they have never ventured into, ah, sponsorship before." That word, one felt, was not wholly appropriate to 1851.

The 1851 Commisioners, whose first president it is *almost needless to say was* Prince Albert, were chartered by Queen Victoria to "increase the means of industrial education and extend the influence of science and art upon productive industry."

There could hardly have been a more glittering panoply of Victorian *eminences grise*— Joseph Paxton, Charles Barry, John Scott Russell (curmudgeonly secretary of the Royal Society of Arts), Lord Derby, Sir Robert Peel, William Cubitt, Lord John Russell, Richard Cobden.

The first thing they did was to organise the Exhibition of the Works of Industry of All Nations, which is still the most popular event held and was seen by more than 6m people. It was, of course, known as the Great Exhibition (and another more melancholy half century celebrated this month is of the burning down of Paxton's Crystal Palace which housed it).

It made a profit, too, of £186,000 and it was the spending of it that perpetuated the Commission perhaps to infinity. For with it (and a mortgage from the government) they bought 87 acres south of Hyde Park in the semi-rural village of Brompton on which to build an educational estate. They called it South Kensington.

The bit on which the V and A — a Commission enterprise — now stands was later passed back to government ownership to reduce the mortgage. But the 1851 Comsioners remain landlords of the likes of the Royal College of Art, the Royal Albert Hall, the Science and Natural History Museums, the Royal Colleges of Music, Organists and Needlework, and a magnificent survival of the Edwardian educational ethic, Queen Alexandra's House, a hostel for lady students — and the Imperial College.

The commissioners still have their duty according to the charter of 135 years ago. The income finances their main activity since 1891, disbursing extremely prestigious scholarships. More than 1,250 science research scholars from the universities of the United Kingdom and the Commonwealth have been appointed, 125 of whom have become Fellows of the Royal Society, three following Prince Albert and becoming President. Eleven became Nobel Prize winners, five won the Order of Merit, and the roll of beneficiaries includes such names as Rutherford, Penney, Dirac and Cockroft.

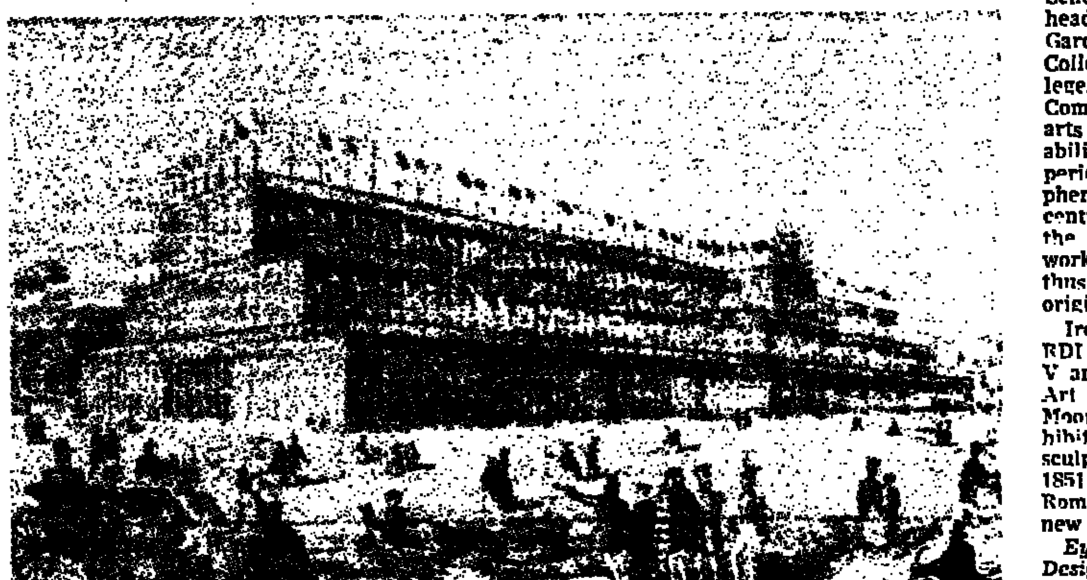
Now the Commission is chaired by Sir Richard W..., former Principal of King's College, London, and has academics like Sir John Hale, architects like Alwyn Sheppard Fidler, scientists like Sir Denys Wilkinson, and historians like Hermione Hobhouse.

In the past financial year the Commission gave over £300,000 in educational grants, offering research fellowships to scientists and engineers from this country and post-graduate scholarships to Commonwealth students for research they could not do intheir home countries. It still hovers like a paternal spectre over its offspring with new schemes, like a collaboration between the RCA and imperial College to meld engineering and design for the benefit of industry, also research into computer-aided design at thet RCA.

The Commission's family has been broken up to an extent, though, in that the British School at Rome, which shared headquarters at Lowther Gardens, has moved to Regents College, formerly Bedford College. It was started by the Commission in 1911 to give fine arts graduates "of conspicuous ability" the opportunity of "a period of study in the atmosphere of an important art centre, to gain knowledge of the principles underlying the work of the great masters, and thus prepare themselves for original work."

Ironically, two days after the RDI exhibition opened at the V and A, the Royal College of Art opened its new Henry Moore Gallery with a major exhibition of work by its head of sculpture, Bryan Kneale, an 1851 Scholar who returned to Rome for inspiration for the new work he is showing.

Eye For Industry, Royal Designers for Industry, is in the Henry Cole Wing of the Victoria and Albert Museum until February 1 1987.



Crystal Palace: the forerunner of technological architecture

Beauty and the Male

Smooth pate recipes

DO YOU have what it takes to look the best? Forget the Porsche, the high-rolling salary and the sharp city suit. To compete at the very top, you must have hair.

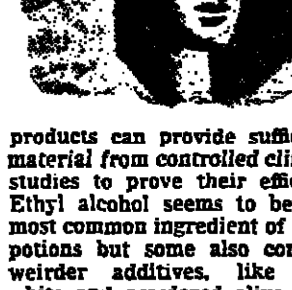
Most women still prefer to run their fingers through a chap's hair than to caress a bald patch. The Kojak look was always more popular with hopeful men than with women and it's a sad fact of life that the bald, the bad and the ugly (along with the short, the fat and the sweaty) come low on the list of "handsome." Small wonder that baldness is now a major concern of consumer and cosmetic compounder alike. Every possible answer to hair loss is studied with fanaticism, from reports of bald farmers growing hair again after being licked on the head by cows, to the possible uses of a "wonder drug" like Minoxidil.

Trials with this blood pressure-lowering drug have been going on for years with varying degrees of success. One London teaching hospital has had impressive results using Minoxidil to treat alopetia areata, a condition caused by a breakdown in the body's auto-immune system which leads to severe hair thinning and patch baldness. But male pattern baldness has a variety of causes and most dermatologists believe that Minoxidil works best for those who only have a slight degree of baldness and have suffered hair loss for less than 10 years.

A consultant dermatologist at St Thomas's hospital says most commercial products offering an answer to hair-loss are "anecdotal optimism." But hope springs eternal, especially, it seems, on the Continent, from whence a variety of hair restoring products have come in the last few years.

One of these is Foltene, which contains as its active principle, "a complex organic substance extracted from the dermal conjunctive tissue of animals." Foltene is an Italian invention, concocted near the shores of Lake Como and a few years ago, a select team of "beauty writers," including yours truly, *toured the factory prior* to the UK launch. When I returned, I test-marketed the ampoule-packaged product on a balding boyfriend. Sad to say, his hair condition deteriorated at the same rapid rate as our relationship.

Foltene failed to achieve quite the same rave reviews in the UK that it had attracted in France where it became the only product of its type recognised by the French Ministry of Health and even prompted *L'Humanite*, official paper of the French Communist Party, *to ruminate on the cultural* anguish caused by *la chute des cheveux*. (Points for further discussion: Is there a link between socialism and hair loss? Would David Owen have gone bald had he stayed in the Labour Party? Why is Jeffrey Archer receding? etc.)



Patent literature overflows with compositions for promoting hair growth which reflects the potential market but few products can provide sufficient *material from controlled clinical* studies to prove their efficacy. Ethyl alcohol seems to be the most common ingredient of such potions but some also contain weirder additives, like egg white and powdered olive pits.

In the US, a homeopathic doctor in Conneticut suggests a blend of fluid extract of nettles and tincture of rosemary to anoint the scalp several times daily. In China, the old folk swear by rubbing the pate with a root of fresh ginger . . . the search goes on at the same fanatical pace as the hunt for a universal wrinkle-eraser and while women peer at their facial lines, men continue to scratch wistfully at their hairlines.

In both cases, the sensible answer seems to take maximum care of what you already have rather than to sit back and hope for miracles.

First step to good haircare is to get a decent haircut, which can also do much to improve the look of thinning hair. Next comes the care. Most shampoos today are formulated for frequent washing, and the number of times you wash your hair has no effect at all on hair loss. Choice is varied, and it's best to stick to whatever suits you. It might be a peppermint shampoo that "cleanses with Peruvian soap bark," or something a little less exotic.

Special haircare problems need special treatment. The shoulders of a dark suit form the perfect backdrop (sic) for a dandruff problem, which is why it is generally assumed that men suffer from the condition more than women. In fact, females have the problem to the same extent and the causes are as open to speculation as are those of baldness. An hereditary factor is commonly assumed to be the major cause of dandruff, but this has never been unequivocally proven. However, it does seem that dandruff affects the 20-to-40 age group most and is also affected by the season.

It appears that dandruff increases in autumn and is at its worst in winter. It decreases in spring and shows its lowest level in summer. No explanation is available as to why this seasonal "snowing" takes place and by this reasoning one might speculate that areas of Britain with less annual average sunshine hours are more dandruffed than, say, Torquay or Bournemouth.

There is less proof that dandruff is connected with a greasy scalp condition or is caused by stress or nutritional disorders. Wella has an excellent range of haircare products for treating dandruff which contain zinc pyridinthion, shown to have a good anti-dandruff effect. Clinique also has a Special Help Shampoo Anti-Dandruff Formula, samples of which were tried in the FT office without anyone noticing much difference.

Once washed and brushed, you can help hair hold its style with a dash of mousse. The modern answer to brillantine, mousses not only help control hair but they give it body, making more of what you have. There are several on the market, along with gels for a more *spiky effect. One of the best* comes from L'Oreal, which was the first company to launch a mousse.

Use sparingly, squirting an amount the size of an egg into the palm of the hand then "painting" it through the hair with the fingers. Scrunch up for a spikier look to a longish "crew-cut" hair style, or comb hair into shape for a smoother effect.

And don't be deceived into thinking this is either new or daring. Men have been annointing their hair since the Ancients. The Assyrians even threaded their beards with gold and Xenophon describes how once it was the princes who wore the tiaras. Male beauty should not be left with the classics, it's a subject of interest for both sexes though these days, one could be forgiven for thinking it was going through a bald patch.

Nikki Smith

Nicholas Faith examines the British attitude towards national treasures

In search of a heritage

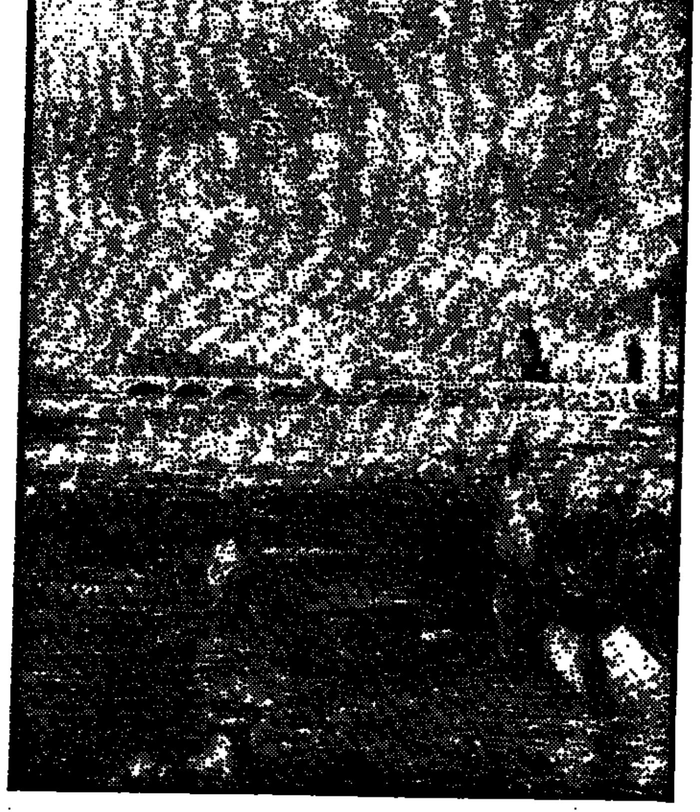
CONCERN for the nation's heritage, however defined, is a symptom of the British disease. It has been going strong for 100 years, roughly in parallel with worry about the country's economic decline.

This is no accident; a nation becomes concerned about the dispersal of its stock of precious objects only when it lacks confidence in having enough native buyers with the spare cash to match potential sellers. The best answer to such worries is that provided by Samuel Courtauld in the past and the Saatchis and Sainsburys of today: to make fortunes substantial enough to add to Britain's store of artistic wealth.

Without enough enlightened patrons of this type, any sane policy towards the national heritage would begin by defining it pretty closely, to ensure that the sums available for its preservation—which are never going to be adequate—are spent wisely. Precisely the opposite is the case; this has been shown clearly by the frantic appeal to raise the £2.9m required to buy Constable's view of the opening of Waterloo Bridge, a major painting of a British subject by a British artist.

The appeal is necessary however, not so much because of official meanness towards our heritage but because there have been so many less well-founded appeals in recent years based on the assumption that "whatever is ours is ours and whatever was once theirs is ours as well." At the extreme, this was extended to cover a fireplace designed by Rubens for his own house in Antwerp. Once it had been installed in the Rothschild mansion at Mentmore, it apparently acquired British nationality.

At the moment, any museum curator or pressure group can claim that an object which has been in this country for more than half a century is part of our heritage, even if, by any logical definition, it is an inherent part of someone else's. The sloppiness helps the sellers (and the dealers and auction houses) far more than it does the British national interest.



£2.7m is needed to keep Constable's Waterloo Bridge

Two years ago Christie's sold a Mantegna belonging to the Marquis of Northampton. It was not, to put it mildly, in the best of condition. "The flat surface gives one the unpleasant impression of hiving had its paint ironed into the the texture of the canvas," wrote Souren Melikian. "In the past, the painting would hardly have caused a sensation. Christie's was fortumate enough to have the director of the Nationla Gallery of Scotland. Tim Clifford, anxious to keep the picture in Britain. This ensured it a wonderful advertising campaign free of charge."

Despite the build-up, the Getty Museum in California secured the "prize" for a mere £8.1m. The last word on that particular episode was spoken by the Marquis himself. "Art has shuffled around the world since the year dot," a fact unrecognised by the extreme protectionists.

They should reflect on the first major collection of foreign objects to be naturalised, the pictures bought by King Charles I from the Gonzagas, Dukes of Mantua. Much of the collection was sold by Cromwell, thus creating the sort of confusion which has never been cleared up to this day: were the pictures part of the British national inheritance, of the Mantuan—or did they truly belong to the Dutch who just happened to have paid good money for them?

To the outsider, the strict definition of the British interest is simple. Indeed, it is one of the three criteria employed when an export licence is being considered: "Is the object so closely connected with our history or our national life that is departure would be a misfortune?"

This would clearly cover any painting by a British artist, or one of a British subject by a foreign artist, as well as the innumerable sets of papers—such as those of Sir Richard Burton and Evelyn Hughes—which have been exported to the United States. It would never remotely apply to the Ruben's fireplace, the Mantegna or to another of Clifford's more recent causes, the Bernini bust of the Archbishop of Pisa from Castle Howard.

Like so much else in Britain's stately homes, the bust was the result of those most profitable of young men's holidays, the Grand Tours indulged in by Britain's aristocrats in the 18th century. But their acquisitions form part of our heritage, as I would define it, only if the object were used as an integral part of an English setting. Otherwise it would seem sensible to let the owners' descendants take their profits.

Andrea Mantegna's Adoration of the Magi realised £8.1m

Our museums should be allowed a say only if there were no object like it in any of them—neither Clifford nor any of his colleagues can reasonably expect to house a complete set of human artefacts. And if they complain too loudly, they should be told to find funds to organise the display, in their own or someone else's galleries, of some of the mass of material housed in their basements.

To concentrate their minds on exploiting their present riches before begging for more, perhaps there should be a ban on new acquisitions until the cellars of the Tate, the National Gallery and the British Museum are empty, because everything in them is touring the provinces. Only then would we be convinced that the institutions are deserving of further funding.

Our preservationists are, fundamentally, bound to be both arrogant and hypocritical. The hypocrisy lies in mistaking geographical accident for cultural heritage. The arrogance is even more suspect, for it is based on the largely unfounded assumption that we are uniquely capableof cherishing cultural objects, whatever their provenance.

The condition of the will of our greatest native painter, J. W. M. Turner — that all his paintings should be shown in a special gallery has been met only 135 years after his death. During that time it would have been perfectly logical for the Greeks, say, to buy up a batch of Turners and string them round the Parthenon instead of the Elgin Marbles, on the grounds that the British, a notoriously Philistine race, were simply not capable of appreciating or taking care of their national heritage.

In the end, of course, the whole question is rendered rather suspect because our responses to man-made beauty have nothing to do with justice, or cultural inheritance for that matter. Nothing in history was bloodier or more unjust than Cortes's conquest of Mexico, but when the conquering hero sent back some native artefact to the Emperor Charles V they evoked a response from Albrecht Durer which explains why cultural cross-fertilisation is so important.

Among other wonders he saw "a sun all of gold a full fathom broad and a moon all of silver of the same size . . . all the days of my life I have seen nothing that has gladdened my heart so much as these things, for I saw among them wonderful works of art, and I mervelled at the subtle ingenia of men in foreign lands. Indeed I cannot express all that I thought there."

In an ideal world such responses, the origin of the works of art and their importance in the life of the countries involved, would surely be considered more important than their actual location at any given moment in history.

FOOD FOR THOUGHT

Fat of the land

Peter Fort savours the delights of self-denial with a slimming group

NOBODY SEEMS to want to think about food in January. Eat yes, no choice — but think about it, no. It is resolution time and these are generally self-denying. "I will eat less, eat less often, eat more wisely. I will stop enjoying myself in that particular way for a bit. I will give up alcohol AND crisps AND confectionery for Lent, only I'll start Lent now. I'm not just barrenly denying myself, I'm going to emerge at Easter like a butterfly from the chrysalis, slim, taut, young, bright of eye, clean of skin, wholesame and god-like." For some people skiing will do it: the gluhwein and fondu are just a punctuation of life on the piste, lean, brown and magnificent.

I, on the other hand, got down to my target weight at the slimming club last October. I have put a pound or two back on since then, but as long as I keep within 7 lb of "target" I can still call myself a success and wear the coveted "target" badge at meetings.

Sorry to brag, but there it is. The whole point of the exercise is to go public about your own tubbiness and acknowledge the need to do something about it. So when the day comes that you hit your (self-defined) target weight, bells ring and applause boom in your ears.

Now it must be said that most members of slimming clubs are young women who want to fight off a stone or so to cut a better figure on the beaches when summer comes round. Despite the sermons preached on every hand, they want it tangible and they want it now. The depressing thing about most conscious dieters, public or private, is that once they get there it's whoopee and a gradual return to fatness. Life is a continuous alteration of bingeing and fasting with food as a self-administered reward and its absence a self-inflicted punishment.

It isnt' meant to be like that: it's meant to be a slow educative process so that you will recognise how much you need to eat in a week and balance excess with restraint for the rest of your life. The villains of the piece for everyone seem to be snack eating, confectionery, nuts, crisps and sugar. Half the members are fighting a losing battle with a sweet tooth, a craving for a continuous taste of sugar in the mouth leading inevitably to a feeling that there ought to be sugar in everything—soup, ketchup, alcohol, everything sweet so that you end up thinking amontillado really is a dry drink.

I have to thank God or my parents or both that I don't have such a sweet tooth. Coffee I find equally agreeable with or without sugar

I decided that I didn't want to shed a huge amount very quickly but hoped that a long haul of months of decent restraint would have me there eventually. The melancholy part of this method, apart from the having to remember what you have eaten all the time, is that you have really to stop enjoying yourself altogether for as long as it takes.

However, enough of that. The process has its pleasures, not only in matters of scales and tape measures. The dramatis personae of a slimming club meeting are by definition foodies with a shared obsession. We do things like preparing an ideal New Year's Eve menu of only 750 kilocalories and, as they are read out, frissons of naughty delight run through thec ompany—oohs and aaahs greet those little items that nobody else thought to include.

There is a magazine whose appearance every two months is greeted with squeaks of delight not because of its dire warnings or its features about role-model formation dancers who have shed four stone but becaus it is full of pictures of food. More plates of grub are portrayed in the average issue than in the average issue of A la Carte. Little slices of crispbread with dobs of yoghurt and this and that peer out from the art-director's salad

If things get bad enough, of course, you have to go to a health farm. Only the very rich and idle can stay there until thin enough to face the world; the rest of us go, as we go to France, for inspirational purposes. I imagine, although I haven't asked, that they are jammed solid

High Street Wine

Carried away

AT THE high street level, Waitrose is the principal contender (with Sainsbury's) for the more iniitated wine-drinker's palate and purse; although, with only 81 licensed branches, mostly in the Home Counties and the South, it is less widely spread and less ambitiously expanding than its rival. Yet, each markets more than 250 wines, with Waitrose offering its full list in about 60 of its branches.

Generally, Waitrose tends not to go so high in the vintage and price range as Sainsbury, but its lists are no less diverse. Nor does it expect to compete much with other off-licence chains at the "£1.99" level. Waitrose has few "own-label" wines but back-labels on the bottles that might be more effective in a take-home trade than shop shelf notes.

From its own selection of about 60 table wines at a special tasting, I found the following particularly worth noting.

Houghton Supreme Dry White 1985 £3.75. Although neither supreme nor very dry, this Western Australian wine is made from an interesting combination of the two Loire-originated grapes, Muscadet and Chenin-Blanc. There is a hint of sweetness as well as a little "spritz"

Cook's Hawkes Bay, NZ Chardonnay 1985 £3.55.

Rosemount, Hunter Valley Chardonnay 1985 £6.25. The New Zealand wine has a distinctly perfumed bouquet, and a well-balanced flavour, but less depth than the one from New South Wales, with its clovey aroma and oaky taste. At just under £10 the pair they provide an interesting comparison to show what is being made from the Chardonnay grape Down Under.

Rioja Blanco, Marques de Murrieta 1981 £4.25. Oaky and full-flavoured, this is a seductive white Rioja with some bottle-age.

Jurançon Moelleux, Cuvée Quadri-Centenaire 1984 £2.95. The significance of the 400-year celebration cuvée is not clear from the label, but this pale, soft, medium-sweet wine is doubtless of a similar style to that brushed across the infant lips of the future Henri IV, born in Pau in 1533. An attractive, good-value dessert wine.

Ch. Bastor - Lamontagne, Sauternes 1982 £5.35. One of the best non-classified Sauternes, with a lovely bouquet and rich but not heavy flavour, and at a very reasonable price.

RED

Waitrose Claret NV 70cl £2.35. These basic Bordeaux are greatly improved with some bottle-age and Waitrose tries to give them six months. This has a real claret flavour, and will improve if kept for a further half-year.

Chante Cigale 1984 70cl £2.25. This Midi wine, made from a blend of Cinsault and Syrah grapes has a medium colour, a nice nose and some typical tannin. An easy-to-drink quaffing wine.

Rioja Reserva Gran Condal, Santiago 1978 £3.49. Very pale in colour, but with a typically oaky bouquet, and fairly light flavour. Good for current drinking.

Chianti Classico Riserva, Castell in Villa 1978 £3.15. With more age than many Chiantis to be found here, this has a round fairly firm flavour, but not excessively acid.

Venegazzu, Conte Loredan, 1982 £4.25. The wines from this estate to the north of Venice have been "discovered" in recent years for including Cabernet wines in their *vino di tavola* blends. This one is already brown-tinged, but is a rich, concentrated wine, with some tannin. Attractive.

Rosso di Montalcino, Campo ai Sassi, 1983 £3.55. This DOC wine is the second wine in the Brunello district. Made from the same grape, the Sangiovese of Chianti, it is a fruity, round wine.

Brunello di Montalcino, Castelgiocondo, 1980 £6.85. A wine from the largest Brunello estate, owned by Frescobaldi of Chianti. Although produced four years before Brunello became one of the first DOCG Italian wines, back-dating was allowed. This is distinctly brown, but has a very fine rich nose and flavour.

WHITE

Muscadet, Dom. de Fief Guerin 1985 £2.75. This sur-lie wine (i.e. bottled off the lees and not racked into a fresh cask) has a good bouquet, and though still young-tasting has more flavour than many of its kind.

Soave Classico, Zenato 1985 £2.99. Soave is often a very dull wine, but this has more aroma and flavour than often found. Good value.

Chante Cigale, Blancs de Blancs 1985 70 cl £2.25. Produced at Agde near Sète in the Hérault, from the not very stylish Ugni Blanc grape, this wine has a surprisingly full aroma and fruity flavour, with a dry finish.

Mâcon-Lugny, Les Charmes 1985 £4.25. A light, clean-flavoured dry white, with a certain distinction of quality, this comes from the reputable Lugny co-operative.

Saint-Véran 1984 £4.55. Produced on the fringes of the excessively expensive Pouilly-Fuissé district, this has the advantage of some bottle-age which has developed the bouqet and given it a rounded flavour. A light, easy-to-drink wine.

Lexham Hall Dry White 1984 70 cl £3.65. Coming from Norfolk, this has a slight sweetness on the nose, and a fruity flavour, combined with a fair balance of acidity. Worth trying.

Edmund Penning-Rowsell

Cookery

Friendly foods for post-festive buffets

THE festive season might be over but the party season is still in full swing. Buffets seem much more popular than drinks parties this year, particularly in rural areas where thoughtful hostesses keep the drink-driving laws in mind.

With many guests perhaps suffering from a surfeit of turkey, meats other than poultry come into favour. Rich red stews like carbonnade flamande and boeuf en daube make splendid choices. They go down well with baked potatoes or hot French bread on the side, with lots of interesting salads and a couple of fine cheeses.

This is friendly food, easy on the cook and easy on the diner. It is not too much effort to prepare. The stew is the only thing that needs cooking but it can be made ahead and reheated.

Chilli con carne is another excellent party dish—but *only* if you know your friends like hot spicy foods. Indian and Chinese dishes should be approached with similar caution. Greek and Italian foods, on the other hand, seem to be relished by just about everyone.

You might also like to consider a seafood lasagne or fishy pilaf. Firm flakes of monkfish or cod and smoked haddock make a good basis. Include as many king prawns as you can afford.

I find moussaka is always popular, and I think it is particularly suitable for a party when made with courgettes in lieu of the usual aubergines. These make the dish slightly less rich and a little less "obvious"

Pastitsio is another Greek favourite of mine. In effect, it is a cross between macaroni cheese and lasagne that can, like lasagne (and moussaka), be cooked ahead and reheated for serving.

The ragù I use in alternate layers with the pasta when making pastitsio is a rich mixture of minced beef, chicken livers and bacon, moistened with tomatoes, stock and red wine, spiked with thyme, oregano and a little garlic. The same ragù mixture can be used to stuff pancake cannelloni.

For the sake of variety and to accommodate those who prefer not to eat meat, I sometimes serve two or three different sorts of pancake cannelloni at the same party. One dish might be stuffed with the ragù, another with a mixture of smoked haddock, prawns and mushrooms, while a third lot could have chopped spinach, crumbled Stilton and well toasted nuts.

The same thin, creamy, lightly cheese-flavoured béchamel is good for saucing all three of these variations of pancake cannelloni. All can be cooked ahead and reheated for serving.

The pasta dish that follows is also laced generously with rich tasting ingredients. Unlike lasagne and cannelloni, though, it is not a baked dish which means it cannot be completely cooked ahead and reheated. But most of the components can be prepared in advance.

Anne Morrow

MEATBALLS WITH BASIL, PASTA & MUSHROOMS
(serves 10 or more)

These meatballs are the size of marbles and can be made with fresh pork or veal, while their seasoning of basil and Parmesan gives them a distinctly Italian flavour. But try not to use dried basil, which is much inferior to the fresh variety or basil leaves.

This is quite a rich dish, and I suggest you accompany it with hot French bread and a large salad of crisp, slightly astringent leaves on the side: watercress, frissy endive and spears of Witloof chicory, scattered perhaps with a handful of toasted pumpkin seeds or a good grating of celeriac for a nutty, sweet finishing touch.

1 lb or just over fusilli (spirals) or other pasta shapes; 12 oz large cap mushrooms; fresh chopped parsley and basil.

For the meat balls: **2 lb freshly minced lean pork or veal; four-five tablespoons chopped basil; two tablespoons grated Parmesan cheese; one small egg (optional); one garlic clove; one teaspoon salt; plenty of freshly ground black pepper; about ½ oz butter and two tablespoons of oil for frying.**

For the sauce: 1oz butter; 1oz white flour; scant one pt well flavoured chicken stock; half pt double cream; scant one tablespoon Dijon mustard; four tablespoons grated Parmesan cheese; salt and black pepper.

Season the minced meat with the basil, Parmesan, crushed garlic, one teaspoon salt and plenty of black pepper. Bind the mixture—if it needs it—with the lightly beaten egg. Dust your hands with well seasoned flour, then take a tiny piece of the meat mixture and roll it between the palms of your hands to make a ball about the size of a marble. This quantity of meat mixture should make 60-70 meatballs in all.

Heat a non-stick frying pan. Melt the butter and oil in it. When the foaming dies down fry the meatballs, in batches, until nicely coloured on the outside and cooked right through. Allow five minutes or so for each batch and shake the pan often so the meatballs roll about: this encourages even cooking and helps to keep the meatballs in good shape. Remove the cooked meatballs to a plate, cool quickly, then cover and store in a cold larder or fridge.

Add a hazelnut-sized nugget of butter to the frying pan and sauté the thickly sliced mushrooms. Remove them to a plate, cool, cover, and store separately from the meat balls.

Wash out the frying pan with some of the chicken stock, scraping the base of the pan with a wooden spoon to release any delicious meaty and mushroomy sediment sticking to it.

Make a rich sauce with the butter, flour, all the chicken stock, any juices that have collected on the mushroom plate, and the cream. Simmer for several minutes. Away from the heat, season with the Parmesan and mustard plus salt and pepper to taste. Pour the sauce into a flameproof casserole, cover and cool; then store in a larder or fridge. Everything up to this stage can be done up to 24 hours before serving.

Bring the meatballs, mushrooms and casserale of sauce back to room temperature at least 90 minutes before you plan to serve the dish.

About half an hour before serving, add the meatballs to the casserole and push them gently down into the sauce. Bring to simmering point. Gently stir in the mushrooms and bring back to simmer.

Cover tightly and continue simmering on top of the stove for a good 10 minutes before serving. (Or—and I find this better, not least because it minimises the chances of ingredients sticking to the base of the dish—transfer the covered casserole to a moderate oven and cook for a generous 20 minutes more before serving).

Once the meat balls have been thoroughly reheated (whether on top of the stove or in the oven), they can be kept hot in a low oven for some while without spoiling.

Cook the pasta in plenty of fresh boiling water to which salt and a few drops of oil have been added. When *al dente*, drain well.

Stir the cooked pasta into the casserole together with a good handful of fresh chopped parsley. Check seasoning, sprinkle just a little more parsley and a soupçon of basil over the top

Philippa Davenport

Yes, there are genuine bargains in the sales

Classics at pop prices

HOW TO SPEND IT

Lucia van der Post

YES, I know... there I was last week saying that one of the quickest ways of saving a bob or two was to keep away from the shops and, in particular, the sales. This week, here I am tempting you with a few goodies from... the sales.

The point is that if you have the strength of mind to go to the sales and buy only something you genuinely need, and if that something is exactly what you had in mind and it is bearing a price tag considerably lower than its pre-Christmas label, then, yes, that is a genuinely good buy—and those are the only sort of buys I am showing this week.

Take coats. In Britain's climate most of us need a winter coat; but because of the long, mild autumn the sales racks have been groaning with unsold coats, from top-quality cashmere to strange mixes of this and that. This curious custom of selling coats cheaply just when people might most feel the need of them seems to be an ancient British rite deriving from the retailers' collective belief that when the snow flurries come down we must needs be tempted by bikinis.

Never mind the mad logic. Think what it means to you—more and finer coats than for many a long year. Frrom Aquascutum and Austin Reed to Harrods and Harvey Nichols, there have been bumper crops in the sales.

At Harrods, where the sale started on Wednesday, those who cannot face the scrums no longer have to attend in person—an innovation is the glossy, full-colour brochure which features many, although not all, of the bargains. (In particular, of course, not the one-off spectacular offers).

However, if you are looking for a classic pure cashmere coat double-breasted in camel, navy, black or grey (size 8-18). Harrods is reducing them from £450 to £225 and you can buy from the brochure. All account customers should already have one; others can telephone or write for one (01-730 1234).

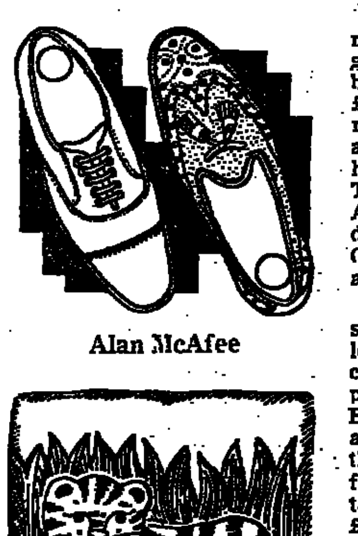
At Austin Reed's Cue department, there is a stylish pure grey wool herringbone double-breasted coat reduced from £135 to £110. With temperatures reputed to be about to plunge, anybody still coatless should hurry along as soon as possible. There are Cue departments in Austin Reed branches at London's Regent Street, Brent Cross, Exeter, Southampton and Nottingham.

McAfee, noted for classic shoe styles and high quality leather, has mounted a price-cutting promotion to make its products even better-known. Brown Oxfords (with stitching across the top-cap and round the instep) have been reduced from £69.90 to £49.00 and brown tasselled loafers from £79.90 to £49. These are exactly the same versions that were (and will again be) selling for the higher prices. You have until the end of January to buy at any of Alan McAfee's six London branches.

At Burberry, where the sale continues until January 31, there is 25 per cent off all tailoring services

For kitchenware, it could be worth visiting Covent Garden Kitchen Supplies at 3, North Row, The Market, Covent Garden, London, WC2, where every single thing in stock is to be reduced by at least 10 per cent. During February, the whole shop is to be renovated (the flow of customers has demolished the floor!), so now is your chance to buy the fish kettle, the pasta cooker or the giant preserving pan.

Finally, Tile Mart is one of my favourite tile shops but it is not known for its low prices. However, a large range of tiles will be on sale at half-price until January 31.



Alan McAfee

Tile Mart

Winter warmth from Austin Reed

Sit down, and get some exercise

I HAVE no idea how many people make New Year's resolutions, let alone keep them, but the new leaf syndrome seems to have become an inextricable part of the ritual: talked about if not acted upon.

Certainly if you take that modern version of the man on the Clapham omnibus — the London taxi-driver — as a touchstone for life as it is lived today, the ritual is alive and well. I've had my ear bent all week about how much less they're going to eat, how much fitter they're going to get and how much more virtuous they're going to be. I wish them luck.

If any of you have resolutions about getting fitter it might be timely to repeat Ian Hamilton Fazey's warning of a couple of years ago — New Year's resolutions of the keep-fit kind can be fatal. Take it easy. Go slowly. Take professional advice — particularly if you're over 40, more so if you're over 50.

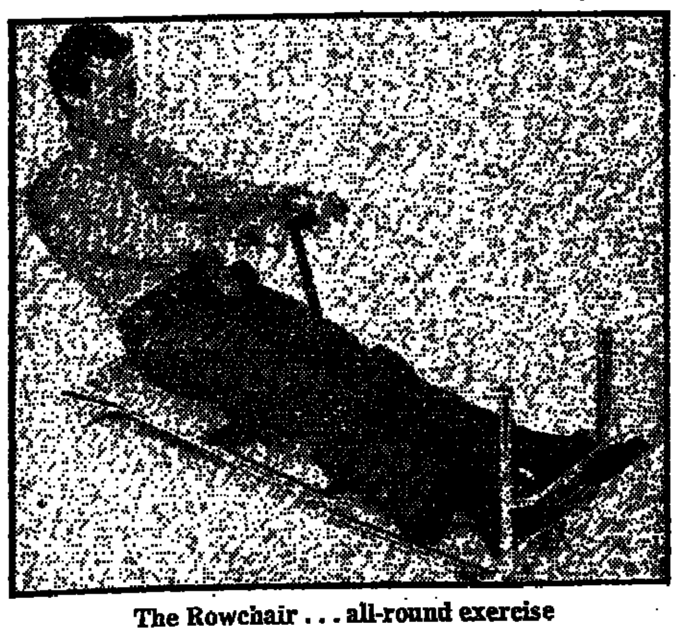
If you have been prevented from trying any regular exercise because of time or the difficulties of travelling to and from gym/club/track/field you might be one of the thousands who think about home exercise equipment. A favourite present from caring woman to much-loved man, its usual life-span seems to be distressingly short — after three months, it appears, most of it is consigned to garage, outer hut or even dustbin. Women dislike its unaesthetic appearance and the way it clutters up the bedroom and men get tired to having to heave it in and out of inconvenient places.

The Rowchair, the brainchild of one Victor Hart, has been designed to overcome the main problem of space as well as to offer gentle, all-round exercise. The big advantage of the Rowchair is that it converts from a horizontal rowing-machine into a chair (not one of beauty, admittedly, but one that takes up pleasingly little space and can be sat upon comfortably) in a few easy movements.

Rowing offers very good all-round exercise; it tightens and strengthens stomach, leg, buttocks and shoulder muscles, and it can build up fitness gradually. The machine has four different resistance levels, easily organised by an adjustable hydraulic action. This means you can start on the easiest notch and do, say, five minutes only. You can then build up strength gradually until you can manage as long as you like on the toughest notch.

It has a good, smooth rowing action which even I could manage easily and it is easy to set up, to demount and, final point in its favour, it is the cheapest machine around with an hydraulic action (the hydraulic action is important because it simulates the feel of the oars through the water).

If you think this could help you keep *this* New Year's resolution, you can buy it for £95.95 (including carriage cost) from Rowchair, 156, Camden High Street, London, NW1.



The Rowchair . . . all-round exercise

Rocking sheep at Four Seasons

Cast off - and on

THE truly charitable give their cast-off clothing to . . . Oxfam, poor relations, The Distressed Gentlefolk et al. Those who consider *themselves* a little on the poor side try to sell them. Finding a home for second-hand clothing that is neither old enough to be properly antique (in which case you'll have no trouble) nor smart enough to pass the intensely snooty scrutiny of the dragons who preside over most "dress agencies" isn't easy.

The Dress Pound at 125, Notting Hill Gate, London W11, mentioned last week was one agency that took them in—alas, its owner has departed to have children but in its place has risen Four Seasons who are well worth knowing about in their own right.

Take along to Four Seasons your old sheepskins, your old furs and if you decide to buy something new they will give you a considerable reduction in part exchange. The value of the part exchange depends on the condition but can vary from £50 to £150.

If you're in the market for a new sheepskin, a delectable full-length leather coat, a fine leather gladstone bag, some boots or maybe even a life-size rocking sheep (more original and softer than a rocking horse) then you will have no trouble finding something to please at Four Seasons.

It is part of a group of four family-owned shops. The Notting Hill Gate one is the only one in London—the others are in the High Street, in Street, Somerset, the High Street in Glastonbury and at 61, Commercial Road, Swindon. Four Seasons specialises in leather, fur suede and sheepskin in every conceivable guise from toys to rugs and takes in some exceedingly glamorous and well-priced clothes on the way.

In addition Four Seasons will repair, clean or make to order boots, bags, belts and luggage.

If in the meantime you are still in search of somewhere to take your secondhand clothing The Frock Exchange is a newly-launched franchise which out-of-London readers might like to know about.

It prefers (don't they all) to take in good, well-known names like Jaeger, Mondi, Roland Klein, Frank Usher etc and everything must be in excellent clean condition. It is happy to look at your cast-off clothes and advise on how saleable they are and what price they might be expected to fetch.

There are three shops at the moment (with a North London one in the pipeline), all called The Frock Exchange—find them in Cottesmore, near Oakham, Leicestershire; Fenstanton, near Cambridge, and Kimbolton, Cambridgeshire.

• BOOKS •

Martin Seymour-Smith returns to the enigmatic works of Kipling now in the public domain and defines his strange genius

Mowgli's maker

KIPLING is the most enigmatic of all modern writers. He is quite as popular as any scribbler of bestselling pulp, but his sales persist whereas theirs vanish upon their second dissolution (as Boris Pasternak would have said—he called Stalin's praise of Mayakovski the latter's "second death").

Kipling was not an intellectual, he wrote some (and spoke more) junk, and he could certainly be a guttersnipe (as in what he wrote about Jews in his autobiography and elsewhere); yet in no other modern writer do we find more profound and varied comment upon the nature of inspiration and upon artistic responsibility.

We find this as early, and even earlier, than The Light That Failed (1891), the unsuccessful and yet fascinating novel in which the suddenly famous but spiky and secretive Kipling tried to define his position in the world. It is not likely that Henry James, fond though he may have been of gifted young men, would have hailed a genius who simply wasn't—and that embarrassment, of knowing Kipling's worth—which troubled James when he read Stalky and other later writings he disliked—has remained to haunt all those who feel reservations, or hate Kipling's ideas, and yet cannot dismiss him.

This year sees Kipling out of copyright, and the spate of his books which attends the occasion (see below) is ample testimony to his continuing popularity. The introductions to these various books—or to most of them—are also testimony, alas, to the habit of critics of not being able to find much that is interesting to say about him. He was always an enigma (as Lord Annan said many years ago) and to some extent he always will be. That is his strength: to be able to infuriate every one of his nevertheless always loyal admirers on one or another score, to abide our question in specifically the manner in which Arnold insisted Shakespeare did, to tease us with his meaning but to convince us that he has it.

No writer became so famous so young. He had gone all out for fame and he had got it beyond his wildest dreams: "God hath made me lord of all Egypt" he cabled (in effect) his parents from London. Yet he was deeply depressed. Whether his unreturned love for a childhood sweetheart, Flo Garrard, cast him down, or whether he was shaken by his friendship with the publisher brother, Wolcott Balestier, of the woman he was to marry—(the "good man spoiled" as the normally kindly father of Kipling put it—is not clear.

As was his wont from beginning to end, he kept it all to himself with a fanaticism that has almost bewitched his intelligent readers and his critics ever since he died in 1936. He gives an account of the mixture in him of revengeful arrogance and artistic humility in the person of Dick Heldar in The Light That Failed; but misses out the near-pathological secrecy. Dick is a cardboard figure who has no true psychological characteristics.

Nor does Kipling even attempt to make any study of him: it was too near the bone altogether. Yet the novel is a notable attempt to define the nature of the creative gift, and it was in it that Kipling first adumbrated his notion of the "daemon" (he got it from Plato, but his daemon is not really much like Plato's): the inspiration which for Kipling is entirely outside a man and which he can only serve. This is expressed most lucidly in the breathtakingly extraordinary—and surely extraordinarily great and thrilling — short story Wireless.

At the age of nearly 70 Kipling wrote his clumsy autobiography Something of Myself (this appears again now as a Penguin). He was very ill, was never able to revise the book, and it was published posthumously. It does him little credit, for it possesses none of the famously enigmatic quality of such "puzzle" stories as Mrs Bathurst, Dayspring Mishandled or A Madonna of the Trenches. It is also, as Charles Carrington has shown in his definitive biography (also reprinted), quite misleading—although not deliberately so. No new light is cast on the daemon here.

Now whether Kipling's theory of this daemon, originating outside the writer or the artist, and not arising from anything within him, is right or wrong, he was clearly led to it, first by his strange and paradoxical artistic modesty, and, secondly, by his desire to separate his work from his experience, which he wished to keep sacredly private. It was thus generated by his active creative conscience as well as his need for privacy. Kipling would have had much to say about the gutter literature which dominates today's book sales, and to an extent he bitterly prophesied it at the beginning of Dayspring Mishandled and elsewhere.

Were then his political extremism and his brutality (for it can hardly be denied that there was a brutal side) part of the price he paid for a modesty that was unique in that it exceeded that of any other of the literary giants of his generation?

For Kipling refused to take any credit at all for what he wrote, even while remaining a not over-good-tempered recluse jealous of his property and his fortune. Neither he nor, in particular, his wife were much liked by the ordinary people who worked for them at their Jacobean house, Batemans, near Burwash in East Sussex; and the bases for this dislike — petty meannesses — were so reasonable as to be inevitable.

It has become clear that the many critical attempts to write off even Kipling's best work as rotten at heart were misguided. For out of the confusion that was Kipling came not only the children's books but also the remarkable late stories. Even Mary Postgate, hitherto mostly regarded as a bestially cruel revenge tale (although it was written before Kipling's son was lost at Loos), emerges as a masterpiece of psychosexual observation of a kind one would hardly have associated with its writer. Indeed, Kipling, although apparently so traditional, is so "modern" in his techniques as to make the deconstructionists look like old-fashioned amateurs. Mrs Bathurst can best be read, in fact, as just such an exercise — although not from the dreary and envious viewpoint of our contemporary deconstructionists.

Does not the notion of a man, called "Click" Vickery (Kipling's invention of names alone shows him to be a poet), haunted by some guilt unknown to the reader, obsessed by the movie of a woman who has been in his life walking towards him as she comes off a train at a London station have all the genuine frisson of literature at its most thrilling and authentic?

Of course it does. No sensitive reader, however put off he may be by Kipling's sadism and lapses into inhumanity, can fail to love the man who struggled with his daemon to such an effect. Nor has his less self-conscious poetry yet been properly evaluated for our generation. Now that we can see Kipling's imperialism dispassionately, and perhaps see, too, what he really meant by it, we shall be hearing more and more about him as long as literature lasts.

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PUBLISHERS have already started to take advantage of the release of Kipling's work into the public domain. This month brings a rash of reprints, new editions and selections. Oxford and Penguin have both been quick off the mark with a series of reissues of the most popular short story volumes including *The Jungle Books*, *Life's Handicap*, *A Diversity of Creatures*, *Debits and Credits*, all at less than £3.00 and with new introductions by people like Hermione Lee, P. N. Furbank and Paul Driver. There is a wide choice to browse over in bookshops.

In hardback Michael Joseph are bringing out later this month a finely illustrated collection of the best Indian stories at £14.95 selected and introduced by Charles ("Last Days of the Raj") Allen, *Kipling's Kingdom*, while on Monday Faber intervene with a substantial volume *A Choice of Kipling's Prose* selected with an introduction by Craig Raine at £12.50.

Some readers will remember an earlier volume in 1952 with this title, selected with an introduction by Somerset Maugham from Macmillan. It is interesting how often Maugham and Raine are in agreement over which of the stories to include.

Wounded Soldiers at Allahbad—a lithograph from the Illustrated London News, reproduced in "Kipling's Kingdom," his best Indian stories

Anthony Curtis looks at a recently found posthumous tale by Nabokov

Maniac's spry moves

THE ENCHANTER: HIS LONG LOST NOVEL
by Vladimir Nabokov, translated by Dmitri Nabokov. Picador £8.95, 127 pages

THE DEFENCE
by Vladimir Nabokov translated by Michael Scammell in collaboration with the author. Oxford (paperback) £3.95, 201 pages

A NEW book by Nabokov who died in 1977? How come?

The Enchanter is hardly new, but nonetheless sees the light of day for the first time in this translation by the author's son Dmitri. It was originally written in Russian at the beginning of World War Two when the Nabokovs were living in Paris; a story about a middle-aged man who, in order to gratify his erotic obsession with a young girl, marries her widowed mother. It would be wrong to call it a first draft of Lolita because it is absolutely complete in itself; a much shorter, more concentrated, more direct treatment of the same pathological theme, haunting and disturbing, diabolically clever in construction, set in the timeless world of the European bourgeoisie, rather than modern America which the author had not yet come to know.

The story was read to a few of Nabokov's Russian friends in Paris before he, his wife Véra and his toddler son emigrated once again in 1940; this time to America where he found work as a teacher of European and Russian literature —collections of his unconventional lectures have since been published — first at Wellesley College, then in 1948 at the University of Cornell in upstate New York.

An impression of his period as a teacher may be gathered from his stories about Professor Pnin, tormented as much by his own scrupulousness and high standards, as by the machinations of his colleagues. While he was teaching Nabokov was undergoing the painful process of a cultural transplant, exchanging one language for another as his chosen medium, as both Beckett and Conrad had done before him. However, as the son of a member of the Russian aristocracy Nabokov had been taught as a child to read and speak English, and in 1919 when the family first emigrated he had been a student at Cambridge where he studied Russian and French.

Nabokov believed that the unpublished nymphet story had been destroyed before he left Europe. It was certainly far from his mind as he laboured to master English as the future vehicle for his creative work. In this he had some guidance from Edmund Wilson, as Conrad had from Garnett. Nabokov now wrote The Real Life of Sebastian Knight directly into English. Other books in English followed at regular intervals, revealing a unique prose capable of depicting hidden manias with intoxicating force. Nabokov was in the odd position for a writer of having a considerable body of work, buried in a language incomprehensible to most of his American public, enjoying the fresh flowering of his genius in English. It was some time before the Russian novels were translated and able to slot into place alongside their American siblings.

Jean Christian Knaff's cover design for Nabokov's novel about a chess grandmaster "The Defence"

Even so there must have been some cross-pollination going on between them because the lost nymphet story resurfaced in the author's mind with a fresh cast of characters and a new American background as a full-length novel. Nabokov began to write Lolita in 1949. It was a long gestation. It appeared first of all from the Olympia Press in Paris and was chosen by Graham Greene as his Book of the Year. After that it was published by Putnam in America in 1955. A few years later in 1959 the Nabokovs were clearing out some papers to give to the Library of Congress when the manuscript of the early nymphet story turned up, not destroyed after all.

Nabokov read it and was agreeably surprised. Never one to be unduly modest about his own efforts he thought that it was "a beautiful piece of Russian prose, precise and lucid." He suggested to Mr Putnam that it would stand up for publication in its own right in an English version made by Nabokovs père et fils.

For some reason Mr Putnam failed to bite that worm and, rather like Lolita in the later book, the elusive manuscript disappeared again. It reappeared for the second time in the early 1980s, after the author's death, when the complete Nabokov archive was being sorted out by the writer of the official biography scheduled for publication next year.

Mr Dmitri Nabokov read it and set to work on this translation now published. As he admits in some notes at the end of the story the Russian word *volshebnik* is somewhat inadequately rendered by "enchanter" since it also contains such meanings as "magician" or "conjuror" and in spite of the author's insistence on "enchanter" these would seem to me to be a more accurate description of the protagonist and his hideous concupiscence.

He does not so much enchant as use his ingenuity and wealth to set in train a gigantic illusion which will culminate in the fulfilment of his lust and which proves in the final scene in the shabby hotel room as much an illusion for him as for anyone else. No other novelist has demonstrated with such clarity as Nabokov how compulsively sexual passion can fuel diabolical cerebration.

Another fiendish cerebral monster created by Nabokov is the world chess champion at the centre of his novel The Defence, now happily available as an Oxford paperback. In The Enchanter the hero—one has to call him that since he absorbs all the energy of the tale—applies the cerebration, the persistence, the flair required in unlocking the contrived mechanism of a difficult chess problem, to his relations with other people, to life itself. Was Nabokov fully aware of the appalling implications of this procedure?

Genteel background for the spinster author of Just - William stories

JUST—RICHMAL: THE LIFE AND WORK OF RICHMAL CROMPTON LAMBURN
by Kay Williams. Genesis (51 Lynwood, Guildford, GU2 5NY). £12.95, 229 pages

RICHMAL CROMPTON: THE WOMAN BEHIND WILLIAM
by Mary Cadogan. Allen & Unwin. £12.95, 170 pages

JUST WILLIAM first appeared in a story called Rice-Mould published by Home magazine in 1919. Since then the books in which he has starred have sold, round the world, nearly 10m copies. Richmal Crompton, his creator, was the daughter of a teacher clergyman who actually was the apocryphal Victorian in that he broke the ice in winter on the canal for his early morning swim. Richmal continued to write William stories until the late 1960s—when she was in her seventies—an extraordinary success story, save for one fact: her real ambition was to write "profound" adult novels.

Forty adult novels and nine short-story collections were published by Richmal but, judging by the excerpts quoted by both her biographers, they barely rose above the most conventional and now dated romantic fiction. In one called The Innermost Room, which is interesting as a clue to Richmal's terror of sexual involvement, the heroine at the "mere sense of his presence" feels "that mad surging, thrilling sting of happiness..." It also has Gladys who is keen to throw open her "innermost room" to her choice of just-returned-from-the-war, clean-profiled male, but her suggestion is greeted with somewhat ungallant horror: "To think I've kept myself clean all these years—for this!" In another of her early books, Anne Morrison, the hero, Sandy, gives his opinion that "War and Love are the two great realities of the Primitive man. . ."

However, if primitive man was never to be Richmal's forte, primitive boy inspired in her something near comic genius. Whereas the novels seldom strike even a note of irony, the William stories hardly allow a character to exist before sending him up. Both romantic fiction and children's comedy would seem equally inappropriate material for a retiring teacher of classics who never fell in love, never married and never had children.

The two biographers agree on these points, although Kay Williams goes into more detail about Richmal's background, producing an interesting alcoholic grandfather as an antidote to all the good clerics. Ms Williams also writes a convincing chapter finding an antecedent for William in Penrod, an 11-year-old boy hero created by the American writer, Booth Tarkington, and published in England in 1914. She cites many passages describing scenes extremely similar to those written by Richmal. Mary Cadogan stays with the traditional William model of Richmal's unsatisfactory brother, Jack, who fled High Church for Rhodesia, and her nephew, Thomas Disher.

In general, Kay Williams goes in for the deeper analysis of her subject. She suggests that polio, which partially disabled Richmal in her thirties, and ended her successful career as a teacher, was also something of a relief since she now had a good chance of preserving forever her "innermost room."

Richmal was not inclined to self-analysis herself. She described the William books as "pot-boilers" or, if pressed, added the laconic comment, "When you've thought of a boy, the rest is easy." Ms Cadogan admits that her subject is so likeable that she is "something of a biographer's nightmare" as it is "impossible to find anyone who has negative words to say about her!" Ms Cadogan does suggest fairly half-heartedly that Richmal's long descriptions of lustrous golden tresses could indicate a hair-fetishist. But a visit to Italy in the company of the French mistress from Bromley High School yields no Sapphic possibilities, despite the teacher's alluring name of Decima Leek.

It seems that outside William's exuberant anarchism, Richmal Crompton must really be remembered as the daughter who copied her mother's taste in floral prints — except on a smaller scale. Their relationship, sharing a house for much of their lives, bent over needlework either side of the fireplace casts back to Victorian times. Both biographers produce, in the main, the same picture of Richmal, the loving daughter, the loving "auntie."

Neither, however, answer the question as to why a highly educated woman — she gained her BA (Classics) in 1914, and Greek and Latin remained her pleasure — had a creative imagination so innocent of classical learning. Possibly they were too busy enjoying William to bother about this enigma.

Yet even William sends up romantic novels on occasions: "It's 'strordin'ry to me to see books like what one sees with girls' faces and such-like on the back . . ." He's quite clear what the public really likes: "If ever I write a book I'm goin' to have a picture of a big splash of blood on the back. . ."

Rachel Billington

Richmal Crompton

When Russia changed tack

RUSSIAN STUDIES
by Leonard Schapiro. Collins/Harvill £15.00, 400 pages

THIS COLLECTION of essays, articles, reviews and lectures, by the late Professor Leonard Schapiro is to be warmly welcomed. It is a late harvest from a great scholar, two of whose major works—The Communist Party of the Soviet Union and The Origins of the Communist Autocracy—have for long been essential reading for anyone trying to understand the nature of Communist society in the Soviet Union today; and many of these pieces can be seen as vivid pendants to those earlier studies.

Schapiro leaves no doubt as to where his own sympathies lie. He pays eloquent tribute to such outstanding Russian liberals as B. N. Chicherin and P. B. Struve. He believes, also, that one man—Stolypin—might have prevented the eventual Bolshevik takeover had he not fallen to an assassin's bomb. As he puts it:

"Those prepared to smile at the inclusion of Stolypin among the liberals would do well to reflect whether the Bolsheviks could ever have won if his reforms had been given time to come to fruition. Lenin never doubted that it was a race between him and Stolypin. And which, one may pertinently ask, was in the end the greater blow to Russian liberty—the determined measures (as they then seemed) with which Stolypin endeavoured to render harmless the revolutionaries, or the victory of the Bolsheviks?"

Schapiro saw the root cause of this victory, and of the disasters that followed later under Stalin, the collectivisation of the peasants and the great purge trials, in the absence of the rule of law in Russian society. A recurrent theme in his writing on Russia, as Mr Harry Willetts points out in his introduction, is: "the historically conditioned weakness of the sense of legality in that country and the consequent tragic impotence of late-born liberalism in face of fierce and impatient political creeds."

The most formidable embodiment of that fierce impatience was, of course, Lenin himself, and in the longest essay in the book, Professor Schapiro provides a brilliant outline of his career and of his intellectual formation, under the influence of such writers as Tkachev, Chernishevsky, Plekhanov, Karl Kautsky and Marx. It is a masterpiece of compression, and it is noticeably fair. Lenin had a grasp of detail.

During the nineteenth century, two opposing concepts gained ground among the Russian intelligentsia, dividing them into Slavophiles and Westerners. But although they held opposing views about the future development of Russia, the dividing line between them was not a hard and fast one, and there was a certain amount of movement from one camp to the other.

Broadly speaking, the Slavophiles believed in traditional Russian values, in the sturdy virtues of the peasantry as exemplified in the village *mir*, and in political terms this led to the populist *narodniki* movement, in which young members of the intelligentsia sought to bring enlightenment to the countryside. The Westerners believed that Russia could only emerge from backwardness by copying Western models. Both trends spawned extremist factions, united in their detestation of the Tsarist autocracy, but divided on how to overthrow it.

Marxist doctrines began to spread in Russia from the mid-1850s. About Lenin Schapiro is noticeably fair. Lenin had a happy upbringing in a close-knit family, which no doubt made the shock of his brother Alexander's execution as a terrorist in May 1887 all the greater. Professor Schapiro gives due weight to this, but is pitiless in his judgment of Lenin's later line of action, his intolerance of opposition, his political chicanery, his ruthless quest for supreme power.

What happened to the new Bolshevik regime after that power had been achieved? It soon degenerated (this comes from an unpublished essay on the last years of Alexander Blok) into "an ugly, rather shoddy, very corrupt, somewhat dishonest bureaucratic satrapy, with Lenin fast becoming the satrap." That left the way wide open for Stalin, who became a new, and even more ruthless satrap, a few years later.

There remains the enigmatic and ultimately tragic figure of Bukharin. It appears that he had frequent conversations with Lenin in the 1922 and early 1923, in the last months of the dying leader's life, in which Lenin, in total repudiation of his earlier attitudes, argued that the state should lead the peasants to socialism by persuasion, not force, and that only the establishment of peace between town and countryside could provide a basis for the socialism of the future.

This was the framework of theory on which Bukharin continued to work until he was convicted at one of the staged purge trials in March 1938 and executed. He has never been rehabilitated (although there was some talk of it in Khrushchev's time), because, as Schapiro points out, to allow open discussion of Bukharin's ideas would undermine the very foundations of the present Soviet police state. Perhaps it may still come, although the new Gorbachev regime, for all its emphasis on *glasnost*, or "openness," has plainly still not yet reached that point.

Erik de Mauny

Welsh eyes

MY WALES
by George Thomas, Viscount Tonypandy, with photographs by Snowdon. Century Hutchinson. £12.95 184 pages

IT WAS the broadcasting of Parliament which made George Thomas famous, a household name. Without it, his career in the Commons, from MP for Cardiff, via various Ministries to the Speaker's chair, and spanning almost four decades, would have been merely distinguished.

Radio made him a star. His lilting cry of "Order, Order," became as familiar as the chimes of Big Ben.

I have only seen him performing in public once—at St Paul's Cathedral during the Prince of Wales' wedding. By especial request of the Royal couple, he delivered a powerful reading from Corinthians I. A tidy, dignified man from the valleys, immaculate in Court dress, a lace jabot at his throat. Confident in the House of his God, in the presence of his Sovereign—and a few hundred million TV viewers around the globe.

His first appearance in the pulpit though, was less confident, less compelling. As he explains in this book My Wales, looking down on a congregation of his friends in the tiny Chapel at Llwynpia, he heard his voice quaver. He was almost struck dumb with fright.

The young Thomas soon overcame his nervousness, and unable to afford even the few pence for bus fare, he walked miles to preach in the Methodist Chapels surrounding his home in Tonypandy. Becoming a local preacher meant a great deal of exercise for body as well as mind. His audiences were hyper-critical, "sermon tasters" Thomas calls them, and the future parliamentarian learned much from their strict appraisal.

Lord Tonypandy (fellow-students at teacher-training college in Southampton named Thomas this more than 50 years before his ennoblement in 1983) brings to life the people who grew up in the valleys in the early part of the 20th century. Chapel-elders, miners' leaders, local politicians, and better known contemporaries—boxer Tommy Farr, Richard Burton, Geraint Evans.

In his lifetime, the South Wales mining communities have known more than their fair share of heartache and hardship, the bloody Tonypandy riots in 1910, a bitter General Strike in 1926, and, scarcely 20 years ago, a mountain of slurry moved, engulfing the village school at Aberfan, killing 116 children and 28 adults—wiping out a generation. George Thomas deals with these events with great compassion.

The photographs—by Lord Snowdon—are unimaginative and uninspiring in the main, which is a pity; the text deserved better.

My Wales is not a tourist guide — there are plenty of those, but a warm, affectionate, and humorous view of the country which nurtured its author, and which he loves.

Glyn Genin

CRIME

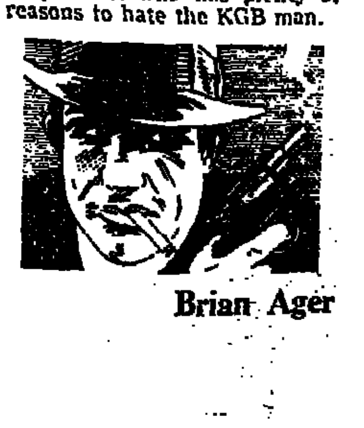
FOR THE GOOD OF THE STATE
by Anthony Price. Gollancz. £9.95, 256 pages

ANTHONY PRICE has made a name for himself as a writer of the more cerebral type of spy-thriller. For The Good of the State, his 16th novel can only add to his reputation.

It involves a world of spying where internal politicking sometimes takes precedence over competition with the Other Side.

When a KGB operator wants to meet one of the British organisation's more troublesome mavericks it seems a perfect opportunity to "get them" both. The minder who goes with the British agent can also spy on him.

Complications increase, for the minder is an aristocratic Anglo-Pole, who has plenty of reasons to hate the KGB man.



Brian Ager

Max Loppert on David Pountney's second time round success

Queen of Spades trumps

THE FIRST performance of the David Pountney production of Chaikovsky's opera, at the Coliseum four years ago, was greeted by a storm of critical disapproval—to which, it must be admitted, the present writer contributed more than a few hailstones of his own. On Thursday *The Queen of Spades* was revived by English National Opera, in a performance that will require some sizeable recantations during the course of this notice.

The tightening-up of the production (by Mr Pountney with Keith Warner) is evident. The multiple manifestation of Lisa is gone, and those of the Countess (reduced from nine to seven) are more discreetly insinuated. The whole paraphernalia of an operatic psychodrama about an Outsider in Black, with which the producer apparently sought to clutter the great romantic opera, has been trimmed and tidied up; and the casting of Hermann and Lisa, while far from the Russian ideal, is now rather less wide of the mark. Thursday's performance worked up a theatrical sweep that took me with it—not unresisting, and not without passing irritation, but also with a growing sense of fascination with the images and visions presented that cannot be denied.

The Queen of Spades is, I believe, Chaikovsky's operatic masterpiece, the fullest operatic conspectus of his elaborately fantastic, richly worked, lyrically fraught artistic vision. But it is a difficult work to bring off. Granting as much, one may still object to Mr Pountney's concentration on the psychological core at the expense of the outer parts—the grand St Petersburg sumptuousness, the idealised 18th century elegance, the loving discursiveness of narrative, the beautifully achieved contrasts of location.

The opening scene, that outdoor tribute to Chaikovsky's beloved *Carmen*, remains here something of a muddle (a peripatetic quintet make that crucial moment of vocal ensemble a tricky business), and the strictly formalised positioning in Lisa's room, with servants in strict army drab, removes the note of tender Russian domesticity. There are no suicides in the Pountney *Queen of Spades* — Hermann strangles Lisa, Yeletsky stabs him — and no let-up in the dream-fantasy frame imposed upon the narrative. It is a "partial" staging, and its limitations follow directly from that.

But Mr Pountney and his designer (Maria Bjornson) have created a host of magically fluid poetic images—diaphanous curtains billowing or lit to disclose figures looming in the background, a Second Empire chandelier in motion, a use of mirage-like distant perspectives and sudden bright glares—in which the chill, disturbed passion at the heart of the work is constantly evoked. The confrontation between Hermann and the old Countess is, of course, the work's actual heart; and, because Sarah Walker returns to the latter role to give another spell-binding example of her singer-actor's art (how precisely she trains the whole audience on each quiet word and note!), its beat is wonderfully vital.

Sarah Walker and Janice Cairns in "The Queen of Spades"

Alan Woodrow, a singer previously associated with *comprimario* tenor parts, is the new Hermann. He is short, stocky, an un-Byronic figure, but he exposes within him a dark dignity and seriousness that contrast nobly with his predecessor's *Rocky Horror Show* carry-on. The voice has the range (cruelly wide) and unexpected reserves of power, though the tone is reedy (the Italians would deem this a *voce fissa*) and the phrasing square; an infusion of Kozlovsky-like grace would work wonders. Though Janice Cairns was announced as unwell, she too managed moments of ringing power; her wholehearted commitment to a role makes one tolerant of the few effusive touches she usually brings to it, and brought to Lisa.

Among the rest Jean Rigby (Pauline-Daphnis) again pours out smooth, lustrous sound, Donald Maxwell's Yeletsky is again commanding but a touch nasal, Shelagh Squires' Governess again leaves her mark. Tomsky is a heavy assignment for the young, greatly gifted Robert Hayward (ENO debut)—in the circumstances, one minded the cut of his last-act song rather less than in 1983. Lionel Friend conducts with his usual watchful musicianship: the placing of each nocturnal ostinato in the Countess scene was delicately judged, and the colours of the scoring were appreciatively painted (both chorus and orchestra were on lively form). A good beginning: now more intensity of expression needs to be added to it.

The good, the bad, the ugly

Pantomimes, like people, come in many shapes and sizes. The horse, the principal boy and even the dame might be dispensible, but there must be at least three magic ingredients — the good, the bad and the ugly. Barbara Gloudon's Jamaican reggae version of *Flash Trash* at the Half Moon theatre in London proves no exception to the rule. Here, good is the preserve of the Trashtowners ("we mighta live down here mongst the trash-trash, but that nuh mean we is mash-mash"); bad is snobbery, personified in a king with a deep bass voice and a gold lurex suit, and ugliness issues from the designer wardrobe of his daughter, the Princess Polyester.

For anyone who caught last year's fascinating Caribbean Focus festival, it comes as no surprise that pantomime has become part of the Jamaican theatre tradition. What is interesting is to see the way it has adapted, developing its own characters and conventions within a framework that is still clearly recognisable.

Perhaps the biggest difference is the musical context. Felix Cross supplies for Flash Trash a dozen songs ranging from reggae to gospel and soul, accompanied by a band nesting in the rooftops of Trashtown, who become part of the cast as the action demands. While one might have wished that the ensemble singing was stronger and the choreography more consistent, the show has a supremely able leader in Vicky Licorish as the tumble-about Khuskhus, head of the local gang, The Windscreen Brigade, and clearly nobody's mash-mash.

A more complex hero emerges in Michael Buffong's Dukie, a bookish sort of bloke who spends most of the evening skulking in the bushes in a most unheroic way, ashamed to return from his studies with no worldly wealth. The point, as Trashtown matriarch, Mama Queenie, points out, is that he holds the future in his head not his wallet; education is the Trashtowners' most powerful weapon.

If Dukie represents the level head of the show, its spirit — under Yvonne Brewster's lively direction — veers towards the comic resolution of social injustice through the wit and wiles of Trashtown. Brian Bovell's outrageous Princess Polyester (who comes complete with blonde Diana wig and inflatable lap-dog, Charles) is married off to the reluctant vagrant Lord Bag-and-Pan, while King Nuff falls in love with Claire, Benedict's delightful Queenie. The good, the bad and the ugly live happily ever after.

Claire Armitstead

Radio

Plethora of the Press

AS IF to warn us of what was to come, last week's *Any Questions* panel included three newspaper people (Lord Marsh of the NPA, Jean Rooke and Paul Foot) and a professional writer, Frederick Raphael: and sure enough. Radio 4 concentrated on the Press throughout the week. Even the Sunday serial, *Some Mother's Son* by John Fletcher, seems to be about the takeover of the Comet newspaper group by the sinister Sir Jack Watson and his Afco organisation, though its first instalment has skipped from an African scene in the manner of Edgar Rice Burroughs to a City scene in the manner Burroughs might have used if he were writing about the City, then to a security van, the guard dead, the contents radio-active.

From that we moved more seriously to an interview with Robert Maxwell, first in a series of six, *The Press Barons*. Interviewed by Gordon Clough, Mr Maxwell confined himself mostly to personal things. He could have bought the Express, he made an offer for the Sun, but circulation in the first case and union opposition in the second directed him to the Mirror. He runs the Mirror as he thinks its readers want it. He is against Mr Kinnock's anti-nuclear policy and free needles for addicts. He wanted to stop the "catchpenny" things in the Mirror he keeps them within the bounds of taste, or rather his editors do, for they make their own judgements. He believes in patriotism. Mr Maxwell emerged as likeable, as he clearly intended to.

On Thursday David Wheeler presented a programme about Axel Springer, West Germany's press tycoon who began in the newspaper business under the Control Commission and ran, among other things, the *Bildzeitung*, which is printed in eight cities and sells five million daily, and *Die Welt*, which sells only 230,000 and is not doing well. Springer, never a Nazi but never an anti-Nazi, maintained four principles: reunification of Germany, reconciliation with the Jews, rejection of dictatorship and support for the market economy. His papers kept to those principles, for he did not have Mr Maxwell's belief in letting editors make their own decisions, and he has stamped a generation of West Germans with his conservative ideas. Since his death last year, the firm has been controlled by a family trust. They have, said Gunter Prinz, editor-in-chief, ambitions to go into television and into magazines.

A smaller-scale newspaper, accorded 40 minutes on Wednesday, was the *Wipers Times*, a mostly comic periodical published at various periods during the first world war, though as the fighting moved it changed its name to the *Somme Times*, the *BEF Times*, ultimately the *Better Times*. Forces newspapers were taken more seriously in the Second World War, but the amateur *Wipers Times* must have brought much relief in the Ypres Salient.

I should have guessed from the title, and *Footprints through Avebury* (Radio 4, Sunday) turned out to be exactly the kind of feature I most dislike, with the interesting historical facts about the Avebury stones presented in imaginative lyrical description. A stone is brought to the "vast" enclosure, "and it will not be alone!" The exclamation-mark is mine, but this is how Michael Pitt's writing sounds. When Avebury stones are intrinsically so interesting, what object is there in dressing them up like this?

At any rate Mr Pitts didn't touch the lowest level of the week's writing. Richard Walker's play *Screen* (Radio 3, Tuesday) about life in a cold future, was written entirely in similes and metaphors. "The starched white sheets of snow were spiked with the finger-shadows of pines." But in earlier times, a wheatfield was "a quiet yellow postage-stamp." It seemed hard to expose actors like Rupert Frazer and Juliet Stevenson to this sort of thing.

New Premises on Radio 3 on Sunday evening continues as good as before under its new presenter, our own Nigel Andrews; that is to say that, in general, the serious items are good but the unserious items less so. The poem on Dame Iris Murdoch was full of false rhymes, and there is nothing truly interesting in a Chopin waltz played on two bass tubas. On the other hand, Mr Andrews's encomium on Tarkovsky was admirable, and there were some astute questions asked in the interviews on the Norwegian theatre and especially on architecture and the new code of the RIBA.

And to conclude what seems to have become a round-up, let me draw attention to the *A to Z of Jazz* on Radio 2 on Tuesdays, where for 26 weeks Robert Parker will present classic jazz refreshed by his process so that recordings made in the middle 1920s sound almost like current stereophony.

B. A. Young

Chess solution No 654

1 R-K4! mates next move. Other attempts fail: 1 R-Q7? B-B5 or 1 R-B7? B-Q4 or 1 R-Q6? R-K8 or 1 R-KN3? P-N4 or 1 R-K3? R-N6.

Black can just neutralise the passed pawn, but his pieces are scattered and his king position has been seriously weakened by Kasparov's N-K6.

23 Q-N4, Q-B4; 24 N-K4, QxP; 25 B-B2, R-B1; 26 P-KN3, Q-Q1; 27 QR-Q1, Q-R4; 28 P-KR4, B-K2; 29 N-B3!

A fine finish. Black has fended off tactical threats on the light square diagonal, but Kasparov switches decisively to the dark squares.

29 . . . BxB; 30 RxB, R-KN1; 31 R(1)-Q7, B-B4; 32 RxP ch, K-R1; 33 Q-Q4! Resigns.

The entire play since Black's abortive novelty gives a pleasing sense of geometric precision.

Los Angeles discovers art

What with the Huntington Art Gallery and Library, the Norton Simon Museum of Art and the much-publicised J. Paul Getty Museum, Los Angeles already bid fair to be the art capital of the West Coast of America. Now with the opening of the new Museum of Contemporary Art (MOCA) and its annexe, the Temporary Contemporary, and the Robert O. Anderson Building at the Los Angeles County Museum, New York must look to its laurels. Big collectors in Los Angeles (and, like everything in California, they really are big) used to go to New York to do their shopping. Now they can stay at home and, instead of being referred to disparagingly as "out there," both artists and collectors feel that they are "out here."

MOCA has been several years in gestation, reportedly initiated by a conversation in 1979 between collector Marcia Weisman, Norton Simon's sister, and the city's go-ahead mayor, Tom Bradley. Mrs Weisman lamented the fact that New York had five major museums in a 30-block stretch on or just off Fifth Avenue, whereas Los Angeles had no museum devoted exclusively to post-1945 art. Thus the idea was born, and a committee and a board of trustees were formed. A site was chosen in the Bunker Hill area of downtown Los Angeles, where skyscrapers devoted to financial enterprises were already springing up. Japanese architect Arata Isozaki has designed a beautiful building of red Indian sandstone, combining pyramids a cylinder and cubic forms, which has below ground-level an unrivalled exhibition space, the architecture forming a modest framework for the art. In a statement untypical of most architects, Isozaki said: "I think galleries should be as neutral as possible. I was concerned only with their proportions and the distribution of light."

The first exhibition, entitled "individuals: A Selected History of Contemporary Art, 1945-1986," which runs until January 1988, is a roll call of starry names. The exhibition and massive catalogue have been made possible by a grant from the IBM corporation. The first room houses vintage Jackson Pollock and David Smith; the second mature paintings by Mark Rothko; the third Franz Kline, Clyfford Still and Barnett Newman; the fourth Eva Hesse and Agnes Martin. And so on. The only foreign artist in MOCA is Yves Klein.

The exhibition is continued in the Temporary Contemporary, a police garage converted by local architect Frank Gehry and opened in 1983. To my mind it is a much more exciting space than MOCA, which is almost too serene and perfect. The undisguised ceiling girders and uneven spaces of the TC make the viewing of the exhibits something of an adventure. Instead of a stately progress from one gallery to the next, one turns a corner and is brought up short by an installation or a flashing neon light. Besides, at the TC the exhibition has a more international flavour. One of the highlights is Joseph Beuys' huge installation *Lightning with Stag in its Glare*, part of which was seen earlier this year at the Royal Academy in "German Art of the 20th Century," and there is a good representation of Sigmar Polke and Anselm Kiefer. Altogether there are over 400 works by 77 artists, of whom nearly a quarter are Californians, so it is very much a home-based show, which the director of MOCA, Richard Koshalek, proudly describes as a "banner exhibition." Sadly, not one single British artist is featured. One of the significant facts is that there are only 32 works from MOCA's own permanent collection; the rest are loans. What of the future?

In less than 20 years the Los Angeles County Museum outgrew its original three-building complex. The Robert O. Anderson building, named after the chairman of the Atlantic Richfield Company, and designed by Hardy, Holzmann Pfeiffer Associates of New York, is the splendid new home of the LACMA's superlative 20th century collection. On the top two floors is a rich display of German Expressionists, top quality Cubists, the Russian avant-garde, Dada and Surrealism. Whilst descending from the top floor to the second floor one is dazzled by 50 winking videos in the form of the stars and stripes by Korean artist Nam June Paik.

As well as classics of early 20th century art, LACMA has a fine collection of post-war art, including (again) Pollock, Rothko and David Smith. It also has a big holding of Californian artists, notably Richard Diebenkorn and Robert Graham. Pop artists too are prominently displayed, especially Lichtenstein, Warhol and Oldenburg. (The TC has a whole room devoted to Rauschenberg and another to Oldenburg, most of which have been bought from the collection of Count Panza.) A "tableau" by Ed Kienholz called *Back Seat Dodge '38*, 1964, still has the power to shock through its crudely realistic representation of youthful sexual mores. The lack of a British presence at MOCA is magnificently redeemed by David Hockney's huge *Mulholland Drive: the Road to the Studio*, 1980, which lights up a single wall with its brilliant colour and vigorous handling; it has to be reluctantly conceded, though, that Hockney is by his own choice an honorary Californian.

The ground floor at LACMA is given over to temporary exhibitions. The inaugural offering is "The Spiritual in Art: Abstract Painting 1890-1985" (until March 1987), which attempts to demonstrate that abstract art has its roots in mystical and occult concepts. That is all very well with Mondrian and Malevich, but becomes progressively less acceptable in the second half of the 20th century with Pollock, Johns and Brice Marden. However, the esoteric hoops through which it is metaphorically asked to jump are compensated for by one knock-out painting — Mondrian's great triptych *Evolution*, 1910-11, which has the sacred aura of an altarpiece.

A great bonus for artists is that the Community Redevelopment Agency (CRA) stipulates that between 1 and 1.5 per cent of the total budget of any development within its jurisdiction be set aside for the purchase of works of public art. As a result, downtown Los Angeles has a truly spectacular array of sculptures in plazas, on walls (not just murals) and in foyers. These include the largest Calder stabile ever, Rauschenberg multi-surfaced bench called *Fargo Podium* for the Wells Fargo Building, a Stella contruction whose curvi-linear shapes look so at home in the context of Los Angeles freeways, an all-black Nevelson sculpture which competes successfully with a canyon-like space between skyscrapers, and a scarlet mega-construction by Mark di Surevo. Angelenos can walk tall in the sure knowledge that theirs is the art capital of the West.

Mary Rose Beaumont

Records

Memories of Ninon Vallin

Ninon Vallin—La Princesse du chant. Songs by Fauré, Hahn, Falla, Granados, Nin, Chausson etc., arias by Bizet, Massenet, Thomas, Puccini, Wolf-Ferrari, Charpentier. EMI/The MHV Treasury EX 2909463 (two records), also on cassette.

Ninon Vallin—Airs d'opéras et Mélodies. Arias by Massenet, Thomas, Donizetti, Berlioz, Bizet, Delibes, Messager, Puccini, Offenbach, Wolf-Ferrari, songs by Gounod, Fauré, Duparc, Hahn, Nin, Debussy etc. French EMI/References 2910023 (two records). To be issued in Britain by Conifer.

NINON VALLIN was one of the most frequently recorded of 20th-century French singers, and one of the elect. Last year was the centenary of her birth (she died in 1961); happily, the anniversary was seized upon by both British and French branches of EMI as an opportunity to republish on LP some of her most prized 78s (the British set is already available, the French one is due for release here shortly). When critics try to elucidate what seems to have been lost to the art of French singing, Vallin's name is one of those that leap most readily to their lips (and pens).

Exemplification of this sort tends to set up powerful feelings of sales-resistance in its wake—for the *Laudator temporis acti* is one of the most irritating of cultural commentators—yet it would be a pity if these were allowed to inhibit any first contact with the Vallin voice such as these two collections now encourage. My own discovery, a long time ago, of Vallin on records brought with it one of those revelations, those sensations of window opening on a previously unknown world, that only great artists are capable of providing.

Nature and schooling combined to give her soprano everything—or at least as near everything as any one human voice is like to go. It was a pure, shiningly fresh lyric soprano, secure over a wide range (top without Gallic acidity, lustrously steady middle, and, most unusual for this voice-type, special fullness in the bottom fifth). Her technique was evidently rock-solid (she was trained first at Lyons, near her birth-place, later in Paris with the wife of the composer Xavier Leroux). It stood her in good stead through more than 40 years of singing an immense range of opera and *mélodies* in public and on disc: at the age of 69 she was still making records (none of them republished here).

Vallin was a *completely* schooled singer. Her legato had no holes, her line no bumps. She could move with magical lightness from limped cantilena to florid music (her trill was delicious). The variety of dynamics was wide (though records tend to compress the range), the palette of colours gloriously resourceful. And the special qualities endured. Comparing the earliest item on the British EMI set ("On m'appelle Mimi", 1914) with the latest (Fauré's "Aurore", 1943) we may note the loss in the latter of the early dewy brightness of tone, also the slightest hint of "different sounds in different registers" by 1943. For a woman of 57 this "Aurore" is an astonishing feat.

Vallin had brains as well as voice, intellectual curiosity in addition to the obvious physical strength and self-discipline. Composers favoured her: Debussy picked her for the first performance (1911, virtually the start of her career) of *Le Martyre de Saint-Sébastien*; Reynaldo Hahn and Joaquin Nin played the piano for recordings of their songs: Respighi and Roussel (among others) chose her for important premieres. When early success at the Opéra-Comique seemed to be petering out, she had the wit to take up an offer at the Colón, Buenos Aires, where she became a longstanding favourite.

Her Gluck and Italian roles at the Colón, and her affectionate partnership with Caruso (who deemed her "the great Vallin"), add further details to the picture of protean versatility. Possibly as a result of these Latin American connections, she made one of her specialities the espousal of Spanish composers—the already-mentioned Nin, Granados, much Falla. Listening to the 1931 *Amor brujo* excerpts (British EMI) or the four Nin *Cantos de España* (both), one starts out by thinking her too delicate, too much lacking in the red-ochre Iberian voice colours, and ends up by admiring more than ever the surprising sharpness of her attack, the zestful plunges into chest, the fires all the more effective for being so skilfully banked.

But it is for the singing in her native tongue that these collections offer their incomparable pleasures, rewards, illuminations. "Pure diction," said Gounod, "is the first law of song," and of that law Vallin is one of the supreme exemplars on record. Hearing her in French is like drinking water from an unpolluted stream, or plunging into a Scandinavian lake on a hot summer's day: the experience manages to calm, refresh and excite the senses at the same moment. "Cool purity" is a phrase that inevitably recurs in any summation of her Fauré, Duparc, Hahn, Gounod, Chausson, or Chabrier.

In Fauré's "Automne" for instance, the shape of the unfolding line and the sound of the words are indivisible, seamless; there are none of the dragging emphases, little *moues* of expression, or flicks of arty self-consciousness with which even the best of modern-day Fauré singers mar their performances (a comparison of Vallin's "Clair de lune" with that of Frederica von Stade, a sweetly sensitive artist, makes the point with harsh clarity).

Operatic airs are more fully represented on the French EMI set (two sides out of four) than the British (only one); perhaps this will help determine the individual buyer's choice. Is Vallin's Manon just a little too "straight"? Does Mignon restrain the pathetic accents just a little too much? And, on the other hand, has Leila's air (from *Les Pêcheurs de perles*), or Louise's "Depuis le jour," or "Il est doux, il est bon" (from *Hérodiade*) ever been floated with a more eloquent combination of firmness, suppleness, and that mysterious gift of expressive economy which only French musicians know how to summon?

In sum then, both collections are in their different ways highly desirable — those who must have both, to obtain the items unavailable on one or the other, will regret the duplications. All of the British transfers, some of them borrowed for the French set, have been captured with superb fidelity by Keith Hardwick; the remainder on the Références album have been less carefully attended to (to my ears Thaïs' Mirror Air, on French EMI only, has been republished almost a semitone too low). The English notes, full of biographical detail, almost empty of critical comment, are by Harold Barnes; the skimpy but slightly more revealing French ones are by André Tubeuf. Neither sleeve-note carries any explanation of the "Princesse du chant" label which the Odéon company plugged for their original Vallin records, and which has been revived by The HMV Treasury. It is inaccurate: of her domain — and it was a vast one — Vallin was absolute queen.

Max Loppert

Legal Notices

No. 007773 of 1986
IN THE HIGH COURT OF JUSTICE
Chancery Division in the matter of OPTIM COMPUTER GROUP LIMITED and in the Matter of the Companies Act 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 8th day of December 1986 confirming the reduction of (a) the capital of the above-named Company from £6,000,000 to £1,200,000 and (b) the Share Premium Account of the said Company by £200,331 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 12th December 1986.

Dated this 10th day of January 1986.
LANE & PARTNERS
46/47 Bloomsbury Square
London WC1A 2RU
Ref: QMPL/25
Solicitors for the above-named Company

No. 008827 of 1986
IN THE HIGH COURT OF JUSTICE
Chancery Division, in the Matter of BRINT INVESTMENTS PLC and in the Matter of the Companies Act 1985.

NOTICE IS HEREBY GIVEN that a Petition was on the 8th December, 1986 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company from £4,713,631 to £273,575.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr Justice Vinelott at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday, the 19th January, 1987.

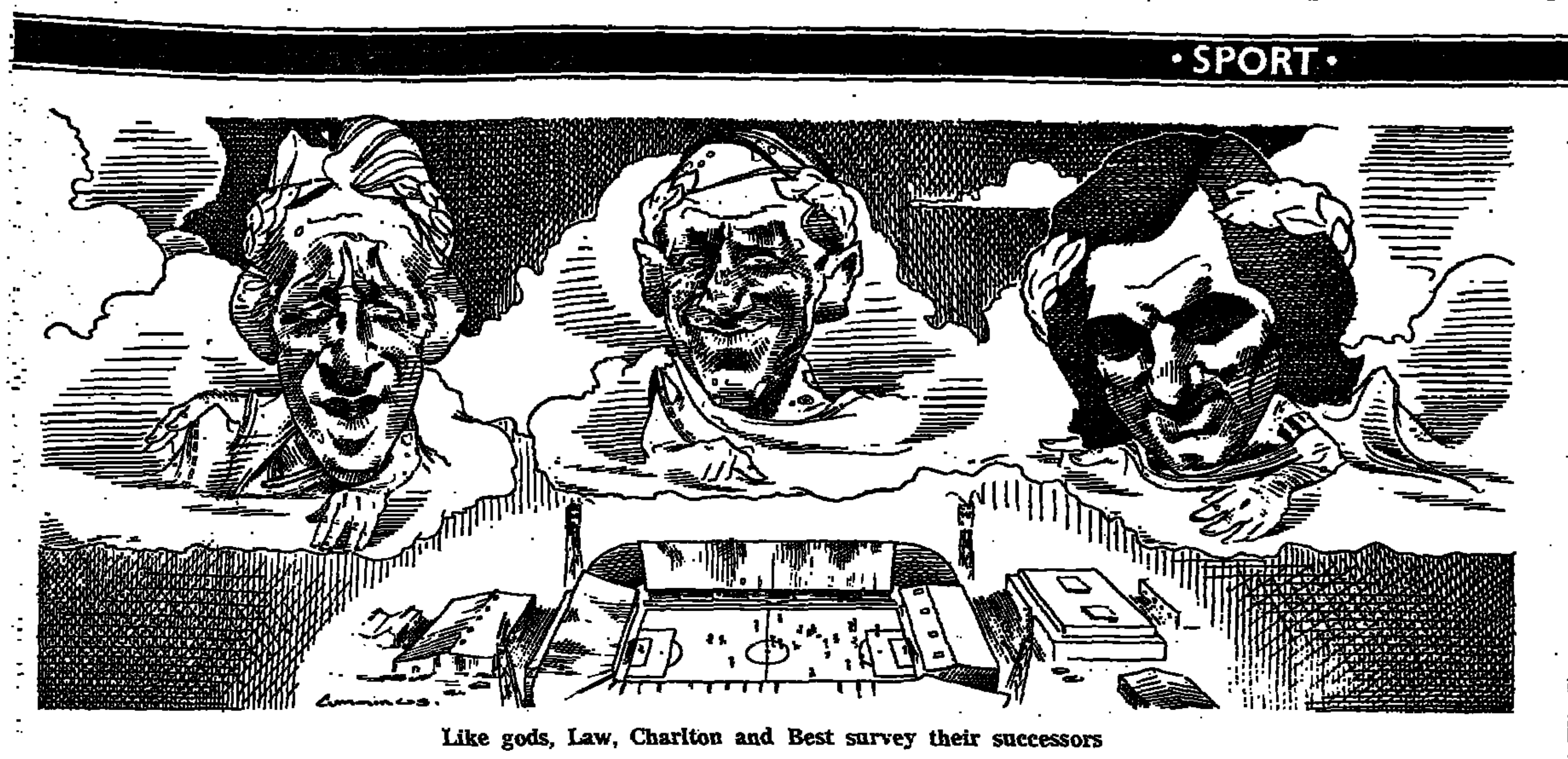
Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 10th day of January, 1987.
NORTON, ROSE, BOTTERELL & ROCHE,
Kempson House,
Camomile Street,
London EC3A 7AN.
Solicitors for the abovenamed Company.

WEEKEND FT

SPORT



Like gods, Law, Charlton and Best survey their successors

Soccer: **Philip Coggan** on today's FA Cup 3rd round clash between City and United

Destiny day for Manchester

REMEMBER 1968? French students rioted, Robert Kennedy and Martin Luther King were assassinated, Russian tanks rolled into Czechoslovakia, and *Hey Jude* was No 1 in the charts. It was also the year when the city of Manchester reigned supreme in the soccer world. Manchester United were European Cup winners and League runners up; City were champions of the First Division.

It was the end of a golden age. Since then, the city has had a barren period in the League, both clubs have suffered the humiliation of relegation, and the title of premier football city has passed to Liverpool. Only the FA Cup has brought success since 1968—five visits to Wembley and three victories for United; two visits and one win for City.

This season, the FA Cup looks, once again, like Manchester's only hope for glory, and as luck would have it, the two clubs meet today in the third round. For one of them, defeat will leave little to look forward to but a battle against relegation.

All through this season, the clubs' destinies have seemed oddly linked. Both have changed managers; both have languished near the foot of the First Division. United had one of their worst ever starts to a season; City remain without an away win and have scored the equal lowest number of goals in the division. At present they stand 13th and 16th, with 29 and 26 points respectively.

This is City's centenary year. The club was formed through the amalgamation of West Gorton and Gorton Athletic back in 1887, and spent seven years as Ardwick FC before assuming its modern guise. At that time, United were still rejoicing in the name of Newton Heath and did not change until 1902.

It may seem that City have always been in the shadow of their more glamorous neighbours. But their late '60s team included stars such as Colin Bell, Francis Lee and Mike Summerbee and, for a time, the free spending of manager Malcolm Allison in the late '70s hinted that the glory days might return. Allison departed without a trophy, however, and when the club did reach the FA Cup final in 1981, they lost to a brilliant solo goal from Ricky Villa.

Jimmy Frizzell, the assistant who took over at City when Billy McNeil moved to Aston Villa, has strengthened the team by buying a forward, Imre Varadi, a consistent scorer at a succession of clubs, and by bringing in experience to bolster his rather youthful line-up—Tony Grealish, the ex-Brighton and WBA midfielder, and John Gidman, the former United defender.

Since the start of the season, City have emerged from a rather dire defensive approach and a spell anchored at the foot of the First Division. The young players are starting to adapt to their harsh environment. "You have to be patient with them," says Frizzell. "It's very difficult to cram seven or eight years experience into six months." Players like Paul Simpson, Steve Redmond and Paul Moulden are starting to repay his trust.

Over at United, the season's early failures meant the axe for manager Ron Atkinson. Two cup wins under Atkinson failed to satisfy fans who can still remember the jinking runs of George Best, the cannonball shots of Bobby Charlton, and the cheeky finishing of Denis Law. Although United have had a galaxy of star players since the '60s, they have never managed to build a team with the consistency necessary to win the League.

Perhaps the common flaw through a succession of managers has been the lack of a consistent finisher. The last United player to finish in the top four First Division goal scorers was Best, back in 1967-1968, and City have done little better. Their last top four goal scorer was Brian Kidd, ironically a former United player, in 1976-77.

Contrast that with Liverpool, for whom Ian Rush has been one of the country's top three strikers for three of the past four years and who have had a top three striker in six of the last nine seasons. Atkinson knew his problem, and he spent a small fortune in an attempt to solve it. Terry Gibson was bought from Coventry, Peter Davenport from Nottingham Forest, Alan Brazil and Gary Birtles came and went. Whiteside, who began as a forward, has dropped back to midfield; Hughes, who briefly looked to be the man for the job, went to Barcelona.

Nor has United's defence been watertight, as the loss of a two-goal lead against Spurs illustratedj earlier this season. McGrath has the distressing habit of playing magnificently for 90 per cent of the game and then committing a horrendous mistake, while injuries have disrupted what once looked like a promising central partnership with Willie Hogg.

The new boss at Old Trafford, Alex Ferguson, recognises the problems, but has not yet brought out the chequebook. "Unlike Everton and Liverpool, we haven't got a surplus of money," he says. "I'm using this season to assess what strengths we have."

For Ferguson, the game will be his first major test. "I thought it was just my luck to get a derby game in my first FA Cup draw," he said, "but there's no doubt the Cup is important to us this season. "It's the one trophy in which we are now on the same footing as all the other teams."

Which club is likely to win today? I've been very impressed with City's recent revival. Even in the 3-0 defeat by Arsenal, they showed pace and passing ability. But United have more to prove, and despite the absence of injury-prone Bryan Robson, home advantage and greater experience should bring them victory by the odd goal in three.

America's Cup calm before the storm

Next week the final selection races in yachting's America's Cup start off Fremantle, Western Australia. For the challengers, Chris Dickson of New Zealand faces a shoot-out with Dennis Conner and Stars & Stripes. For the defenders, Alan Bond's Australia IV is due to take on the Kookaburra camp. Keith Wheatley reports from dockside.

THERE IS an air almost of calm over the Fremantle waterfront. Four boats — one American, one New Zealand, and two Australian—begin their struggle for a place in history early next week. But unlike past rest periods in this America's Cup regatta, the chainsaws and arc-welders are quiet.

Now is not the time for hull surgery and keel changes. These yachts and all the others went through that before Christmas. The four finalists got it right and the others are on their way home.

Much effort is now going into sail development. Illustrating this was the curious asymetrical spinnaker, used without a pole, flown by Australia IV in her last few races. The ideas behind it are not new but this is its first serious use in 12-metres.

American sailmakers first put such a shape together in the early 1970s. Nearer to Fremantle the Kookaburra team, led by US sailmaker Howie Marion, are known to have experimented with one some months ago. Its value seems doubtful, but it certainly succeeded in projecting the Bond team as innovative risk-takers.

Dennis Conner's syndicate are putting together a good new medium air sail inventory. According to tactician Tom Whidden, the steady 18-24 knot breezes at their Hawaii training camp made it hard to develop sails for the puffy longeurs that can characterise a WA summer.

The extra speed that Stars and Stripes seemed to have acquired in her semi-final races against USA came from better sails, particularly six small spinnakers, rather than a nip and tuck on the hull or keel.

Conner and his syndicate chairman Malin Burnham have been wooing the US press corps like an eager bridegroom for the past week. They don't want patriotic sponsors back home to miss the point that there is only one American yacht left in the competition.

Confidence and Conner are now synonyms. The San Diego helmsman is absolutely certain that he can beat the Kiwis. Eight thousand hours at the helm of a 12-metre—beginning when Chris Dickson was still in short pants—would suggest he is right.

Yet only one group are more sure of themselves and that is the New Zealanders. They claim to have boatspeed data that indicates Stars and Stripes being significantly slower then KZ7.

On Wednesday a new mast, from Proctor of Southampton, was installed in the Kiwi yacht. It is the same rig that would have gone in White Crusader had she made the semi-finals and, according to British skipper Harold Cudmore, is the finest 12-metre mast in the world.

Those people who felt the Auckland team to have been rather cold and hard-edged will see now that that was almost party-mood. Life at the Kiwi village in South Fremantle is virtually on a war footing.

Absolutely nothing now gets in the way of training and sail-testing prior to Tuesday's first encounter with Stars and Stripes.

Whidden has been reported as saying that he looks across the water at Chris Dickson and sees a kid who is scared witless. It doesn't look that way from on board KZ7. Dickson has the complete attention and loyalty of his crew — almost a freak occurrence in America's Cup racing.

For the Kookaburra camp, this is a time of hard choices. The plan of two boats in the Defender final did not come off and two crews have to be whittled down to one.

Iain Murray's strategy always called for Kookaburra II skipper Peter Gilmour to rejoin the final boat as mainsheet trimmer. However, a line of thought is that Gilmour could steer Kookaburra III with Murray as tactician and skipper.

Gilmour's aggressive starting has been particularly successful against the more contemplative Colin Beashel of Australia IV, and it may be worth having his hand on the wheel for that reason.

Ego would not affect Murray's decision on this matter. His is too big a character for that kind of nonsense, and Murray would still be the man calling the shots at the back of the boat.

Rumours persist that Kookaburra II will be substituted for Kookaburra III before the Defender finals, but that is wild talk. The newer boat has still not shown all her potential — probably deliberately — whereas Kooka II will not improve after over a year of development.

Finally, one comes to the old campaigners. The Bond syndicate have shown all their old wiliness in the past weeks. Three months ago the media, besotted by the new glamorous Kookaburras, had virtually written off the Cup holders.

However, here we are in early January with Australia IV top boat on the defender side and Kookaburra distinctly playing off the back foot in the propaganda war.

Warren Jones's allegations that Murray and company cannot take defeat on the chin and run bleating to the protest room may be unreasonable — calculatedly so — but it strikes a chord with the lay public.

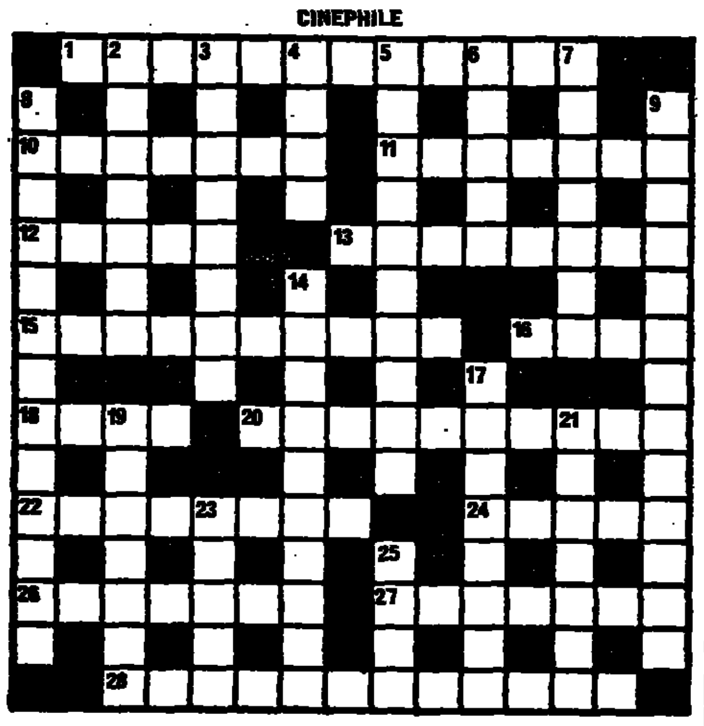
They cannot understand the technicalities of yacht racing—few people can. They see another protest from Kookaburra and think, not that Australia IV might be sailing unfairly, but that the Kookas can't take it.

Jones ran rings around the New York Yacht Club back in Newport. He may not be as clever as he thinks he is, but no one in this arena is more adept at reading the public mood, altering it if necessary, and harnessing the results to drive his campaign.

Thus far the Kookaburras have made the mistake of thinking that the public knows unfairness when it sees it. Wrong. If they are not careful they could lose this regatta on the keyboards and terminals of media land.

F.T. CROSSWORD PUZZLE NO. 6,223

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

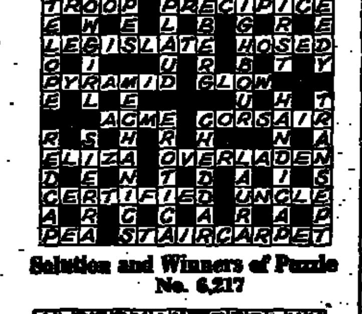
ACROSS

1 Penates—ghost, translated—hurry! (4, 2, 3, 3)
10 Disinclination to take part in a reel? (7)
11 Light left before sailors (7)
12 Sound of activity at the FT should be productive (5)
13 August 1099 has a joke in it (8)
15 I left detective constable in barge with fruit tree (4, 6)
16, 18 Campanologist's camp item? (4, 4)
20 Where Adolf went wrong, committing the ultimate in bloomers? (6, 4)
22 Mustard that fell off a lorry? (3, 5)
24 See 4 down
26 Put life into cartoon form? (7)
27 Hurried back at speed to tell (7)
28 Onlooker well placed for look round region with gold street (12)
19, 25 No difference between them, rumour proving false? (7, 2, 2)
21 Mate, or what precedes, for aged men? (7)
23 Headdress: it's upside down on a painter (5)
25 See 3 and 19

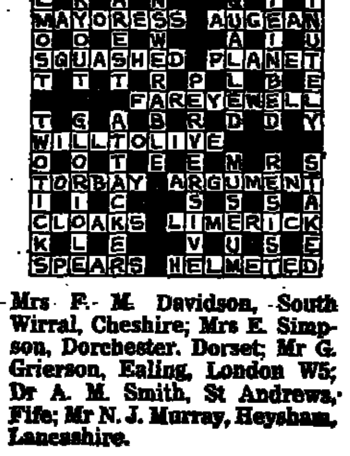
DOWN

2 Another male part for a glider (7)
3, 25 What to do if your shoe's too big? Stop talking! (3, 1, 4, 2, 2)
4, 24 across Points suitable for Roman date aren't so far in and out (4, 5)
5 Old coin, possibly William III's? (4, 1, 5)
6 Spirit first found in hereditary object (5)
7 Ghost might give one the creeps when he's gone (7)
8 Funny thing: timepiece on island needs guard after hours (5, 8)
9 Joint cloth for the mailed fist? (7-6)
14 Dispose of some land for reactor? (10)
17 Relations, less than 3 in gun (6)

Solution to Crossword No. 6,222



Solution and Winners of Puzzle No. 6,217



Mrs F. M. Davidson, South Wirral, Cheshire; Mrs E. Simpson, Dorchester, Dorset; Mr G. Grierson, Ealing, London W5; Dr A. M. Smith, St Andrews, Fife; Mr N. J. Murray, Heysham, Lancashire.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Hunter. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand: 12.20 Football Focus with Bob Wilson; 12.40 Racing From Haydock Park; 12.55 News; 1.00 Boxing; 1.10 Racing From Haydock Park; 1.25 Cricket: Fifth Test from Sydney; 1.40 Racing From Haydock Park; 1.55 Boxing; 2.10 Rugby League; 3.45 Half-times; 4.00 Squash; 4.35 Final Score. 5.05 News. 5.15 Regional programmes. 5.20 Perfect Strangers. 5.45 Jim'll Fix It. 6.20 Hi-De-Hi! 6.50 Bob's Full House. 7.25 The Paul Daniels Magic Show.

8.10 Bergerac. 9.05 Carrott Confidential. 9.40 News and Sport. 9.55 Cagney and Lacy. 10.45 World Darts (The Embassy World Professional Championship). 11.15 Film: "Oh God!" starring John Denver, Donald Pleasance and Teri Garr.

BBC 2

10.45 am Open University. 1.35 pm Film: "A Hole In The Head" (Frank Sinatra stars). 3.30 Laramie. 4.20 Royal Institution Christmas Lectures. 5.15 World Darts (The Embassy World Professional Championship). 6.15 International Bridge Club. 6.45 Newsview. 7.25 Proust Remembered (ballet by French choreographer Roland Petit based on Proust's "Remembrance of Things Past"). 9.25 Saturday Music. 9.30 Cricket: Fifth Test (highlights of the first day's play). 9.55-1.35 am Film: "Heaven's Gate" (The complete version of Michael Cimino's saga of the American West, including an interval at 12.00 approx).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Jamming with the Rad Lads. 12.00 News. 12.05 pm Saint & Greavsie. 12.30 Wrestling. 1.20 Chips. 2.15 Comedy Classic: Please, Sir! 2.45 Snooker—Mercantile Credit Classic. 4.45 Results Service. 5.00 News.

5.05 Walt Disney Presents. 5.15 Blockbusters. 5.45 The A-Team. 6.45 Cannon and Ball. 7.15 Me & My Girl. 7.45 The Price Is Right. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 The Big Match. 11.00 LWT News Headlines followed by Snooker — Mercantile Credit Classic. 12.15 am Glastonbury: (Judie Tzuke).

CHANNEL 4

†9.25 am "A Time Out Of War." 9.50 Moneyspinner. 10.15 The Heart Of The Dragon. 11.15 Land Of The Lakes. 12.15 pm Isaura The Slave Girl. 12.50 Channel 4 Racing from Sandown. †2.55 "Oliver Twist" with John Howard Davies in the title role and Alec Guinness as Fagin. 5.05 Brookside Omnibus. 6.00 Right To Reply. 6.30 The Great Australian Boat Race: The America's Cup.

7.00 News Summary followed by Sing Out. 7.30 Bandung File. 8.15 The Orchestra. 8.45 Map Of Dreams. †9.00 The Power Game. 9.55 Four Minutes. 10.00 Hill Street Blues. 10.55 An Audience With Dame Edna Everage. 12.00 "Out Of The Blue" starring Linda Manz.

S4C WALES

11.00 am A Week In Politics. 11.45 What The Papers Say. 12.00 Shrine Under Seige. 12.50 pm Racing from Sandown Park. 2.55 The Trial of Lee Harvey Oswald (Part 1). 5.30 Soap Aid. 6.00 Right To Reply. 6.30 The Great Australian Boat Race. 7.00 The March of Time.

7.30 Newyddion. 7.50 Siôn a Siân. 8.15 Pêldroed: Cwpan Lloegr. 9.20 Y Maes Chwarae. 10.10 Soap. 10.40 Feature Film: "The Stunt Man" starring Peter O'Toole.

IBA Regions as London except at the following times:—

ANGLIA

IBA Regions as London except at the following times:

1.20 pm Scarecrow and Mrs King. 12.15 am Shepherd's Pie.

BORDER

1.20 pm Knight Rider.

CENTRAL

11.00 am Spiderwoman. 11.30 Runaway Island. 1.20 pm The Bionic Woman. 2.15 Who's the Boss? 12.15 am Central Jobfinder.

CHANNEL

11.59 am Today's Weather. 1.20 pm The Fall Guy. 12.15 am Rita Coolidge in Concert at Devil's Lake.

GRAMPIAN

1.20 pm Magnum. 10.00 Eric Clapton Live. 12.15 am Reflections.

GRANADA

1.20 pm UFO. 12.15 am Hammer House of Mystery and Suspense.

HTV

11.58 am HTV News. 1.20 pm Knight Rider. 12.15 am Saturday Night Music: Louis Armstrong Remembered.

An Audience with Dame E dna Everage: C4, 11 pm

HTV WALES—As HTV WEST except: 10.00-11.00 pm The Big Match

SCOTTISH

1.20 pm Hart to Hart. 10.00 Eric Clapton Live. 12.15 am Late Call.

TSW

11.57 am TSW News. 1.20 pm The Fall Guy. 5.05 Newsport. 5.10 Blockbusters. 5.40 Gus Honeybun's Birthdays. 12.15 am Digance at Work. 12.45 Postscript.

TVS

11.57 am TVS Weather. 1.20 pm The Fal Guy. 12.15 am Rita Coolidge in Concert at Devil's Lake. 1.15 Company.

TYNE TEES

1.20 pm The Bionic Women. 12.15 am Poetry of the People.

ULSTER

11.58 am Lunchtime News. 1.20 pm UFO. 4.55 Sports Results. 5.03 Ulster News. 8.57 Ulster News. 12.15 am News at Bedtime.

YORKSHIRE

1.20 pm Tucker's Witch. 12.15 am Live at Wilebski's.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm Radio Active. 1.30 Sport on 2: Football FA Cup Third Round; Cricket: Fifth Test, Australia v England; Rugby League: John Player Trophy; Racing from Leopardstown and Sandown Park; 5.00 Sports Report. 6.00 I'm Sorry I Haven't a Clue II. 6.30 Look What They've Done to My Song. 7.00 Beat the Record. 7.30 Radio 2 Festival of Music. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Jean Challis presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.05 am Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 10.55 Chicago Symphony Orchestra conducted by Klaus Tennstedt: Beethoven (Violin Concerto, with Kyung-Wha Chung): (11.45 Interval Reading). 11.50 Bruckner (Symphony No 4, 1880 version). 1.00 pm News. 1.05 Takacs String Quartet. 1.55 Self Advertisement for Rutland Boughton with Nigel Anthony. 2.15 The Schubert Piano Sonatas: Martino Tirimo plays the A major (D959). 3.00 Bruno Walter. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 'T Nederlandse Orgel. 7.10 BBC Welsh Symphony Orchestra in Germany conducted by Mariss Yansons: Rossini (Overture: Thieving Magpie). Mozart (Sinfonia Concertante K364): 7.55 Interval Reading): 8.05 Dvorak (Symphony No. 9). 8.50 A Start in Life. 9.35 Medtner Piano Sonatas. G minor Op 22 played by Moiseiwitsch and Op 25 No 1 played by John Ogdon. 10.05 Settings of Gerard Manley Hopkins. 10.30 The Bracknell Jazz Festival (The American group Nu recorded at the 1986 festival). 11.57 News. 12.00-2.05 am Test Match Special. Start of the second day of the Fifth Test in Sydney (further commentary at 4.55).

RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News: Loose Ends with Ned Sherrin and guests. 11.00 Talking Politics. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News: Money Box. 12.27 pm Quote... Unquote (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: The Thomas the Tank Engine Man (S). 2.30 The Afternoon Play (S). 4.00 News: International Assignment. 4.30 Science Now.

5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather: Travel. 6.00 News: Sports Round-up. 6.25 Stop The Week with Robert Robinson (S). 7.00 Saturday-Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature: Letters from the Old World. 10.45 The Enthusiasts. 11.00 Tales from the Mausoleum Club (S). 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white.

BBC 1

8.55 am Play School. 9.15 Umbrella. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Great Experiments. 10.55 Buongiorno Italia! 11.20 Lyn Marshall's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm Sign Extra. 12.35 Farming. 12.58 Weather for Farmers. 1.00 This Week Next Week. 2.00 EastEnders.

3.00 Match of the Day Live: Luton Town v Liverpool. 4.55 Tom and Jerry. 5.10 The Diary of Anne Frank. 5.40 Antiques Roadshow. 6.25 News. 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.45 Miss Marple: Sleeping Murder. 8.40 Mastermind. 9.10 News. 9.25 That's Life. 10.10 Everyman: The Creation. 10.50 Designers. 11.20 The Week We Caught Sea Fever.

BBC 2

9.45 am Open University. 11.05 The Charlie Brown and Snoopy Show. 11.25 Blue Peter. 12.15 pm The Monkees. 12.40 Windmill. 1.40 Rugby Special. 2.20 The Week In The Lords. †3.00 Film: "Every Girl Should Be Married" starring Cary Grant. 4.20 Music In Camera. 5.05 Thinking Aloud. 5.45 Ski Sunday. 6.30 The Money Programme. 7.15 Seventy Summers. 7.45 The Natural World: A Wilderness Like Eden. 8.35 Cricket: Fifth Test. 9.00 World Darts. 9.30 Did You See...? 10.10 Screen Two: Blunt. 11.35-12.25 am World Darts.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Fraggle Rock. 10.00 No 73. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm Police Five. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines followed by Encounter. 2.30 Snooker—Mercantile Credit Classic.

6.00 Bullseye. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Murder, Mystery, Suspense: "Hopscotch" Starring Walter Matthau and Glenda Jackson. 9.45 News. 10.00 The World According to Smith and Jones. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by End Of Empire.

CHANNEL 4

9.25 am Sunday East present Smita Patil. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Pob's Programme. 2.30 Viva Verona: "Il Trovatore." Recorded at the Arena di Verona in 1985.

5.05 News Summary followed by The The Business Programme. 6.00 Australian Rules. 7.15 The World at War. 8.15 State of the Art. 9.15 A Fortunate Life. 11.00 American Football.

S4C WALES

9.00 am Hafoc. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 The Trial of Lee Harvey Oswald, part 2. 4.20 World of Animation. 4.45 Arwyddion Ffyrdd. 5.15 The Business Programme. 6.00 Australian Rules Football. 7.15 Wil Cwac Cwac.

7.20 Newyddion. 7.30 Caryl Thomas. 8.00 Pobol y Swm. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Rhaglen Hywel Gwynfryn. 9.35 Nantlwyd. 10.40 The Three Stooges. 11.00 American Football.

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Cartoon Time. 11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am Walking in the Light.

BORDER

9.25 am Border Diary. 1 pm Farming Outlook.

CENTRAL

9.25 am Max the 2000 Year Old Mouse. 1.00 pm Getting On. 1.30 Here and Now. 12.30 am Central Jobfinder.

GRAMPIAN

9.25 am Cartoon. 11.30 A Personal View—Rev Jack MacArthur. 1.00 pm Farming Outlook. 1.30 Country Ways. 2.30 Scotsport — including The Mercantile Credit Classic Snooker from Blackpool. 12.30 am Reflections.

GRANADA

9.25 am Max The 2000 Year Old Mouse. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 Wish You Were Here...? 1.40 This Is Your Right. 6.00 Candid Camera. 11.30 Hotel.

HTV

9.25 am Max The 2000 Year Old Mouse. 1.00 pm West Country Farming followed by Weather for Farmers. 1.30 Getting On. 6.35 HTV News....

SCOTTISH

9.25 pm Peter's Adventures. 11.00 Sunday Service from St Aloysius Roman Catholic Church in Springburn, Glasgow. 11.25 Cartoon. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 In Search of Freedom. 2.30 Scotsport. 12.30 am Late Call.

TSW

9.25 am Look and See. 1.00 pm The South West Week. 1.30 Farming News. 6.35 TSW News. 12.25 am Postscript Postbag.

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Enterprise South. 12.30 am Company.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 Getting On. 12.30 Epilogue.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Getting On. 1.25 Farming Diary followed by Farming and Inshore Weather. 12.30 am Five Minutes.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Judith Chalmers with your Radio 2 All-Time Greats. 2.00 pm Benny Green. 3.00 Alan Dell with Sounds Easy. 4.00 Peter Morrison Sings with Langham Orchestra. 4.30 Sing Something Simple with the Cliff Adams Singers. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Living With Betty. 7.30 Operetta Nights. 8.30 Sunday Half-hour. 9.00 Your Hundred Best Tunes, introduced by Alan Keith. 10.05 Songs From The Shows. 10.45 Brian Lemon . . . at the piano. 11.00 Sounds Of Jazz with Tony Russell. 1.00 am Jean Challis presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.05 am La Petite Bande. 8.00 The Musician's Musician. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Christian Blackshaw (piano). 12.15 pm From the Proms (1.00 Interval Reading) 1.55 Josef Suk (violin) (2.25 Interval Reading). 3.00 From the Festivals. (3.45 Interval Reading). 4.35 The Austrian Lyric Tradition. 5.30 New Premises (Arts magazine with Nigel Andrews). 6.15 Envy, Hatred and Malice (Rodney Milnes explores the sound of hatred in music). 6.45 Liszt and the Piano (recital by Martino Tirimo). 7.20 Elgar: "The Apostles," a performance of Elgar's oratorio conducted last November in Worcester Cathedral by Donald Hunt. (8.35-8.40 Interval Reading). 9.40 Georges Mink (story by Jackson Webb). 10.00 Piano music by Prokofiev and Goehr played by Roger Woodward. 10.35 Rose Consort of Viols. 11.05 From One to Five. 11.57 News. 12.00-2.05 am Test Match Special. Commentary on play up to lunch on the third day of the Fifth Test in Sydney. (Further commentary at 4.55).

RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday including 7.55 Weather: Travel. 8.00 News. 8.10 Sunday Papers. 8.50 Frank Bough talks, for the Week's Good Cause, about the Child Growth Foundation. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers (Omnibus edition). 11.15 Pick Of The Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 Hamlet At Elsinore. 4.00 News: The Food Programme. 4.30 The Natural History Programme. 5.00 News: Travel. 5.05 Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News.

6.15 Actuality (S). 7.00 Secret Lives (S). 8.00 Bookshelf. 8.30 A Word in Edgeways. 9.00 News: Some Mother's Son (S). 9.30 The Press Barons. 9.55 Weather: Travel. 10.00 News. 10.15 The Sunday Feature (S). 11.00 Seeds of Faith. 11.15 Zeffirelli. 11.30 In Our Hearts were Songs Of Hope. 12.00-12.15 am News.